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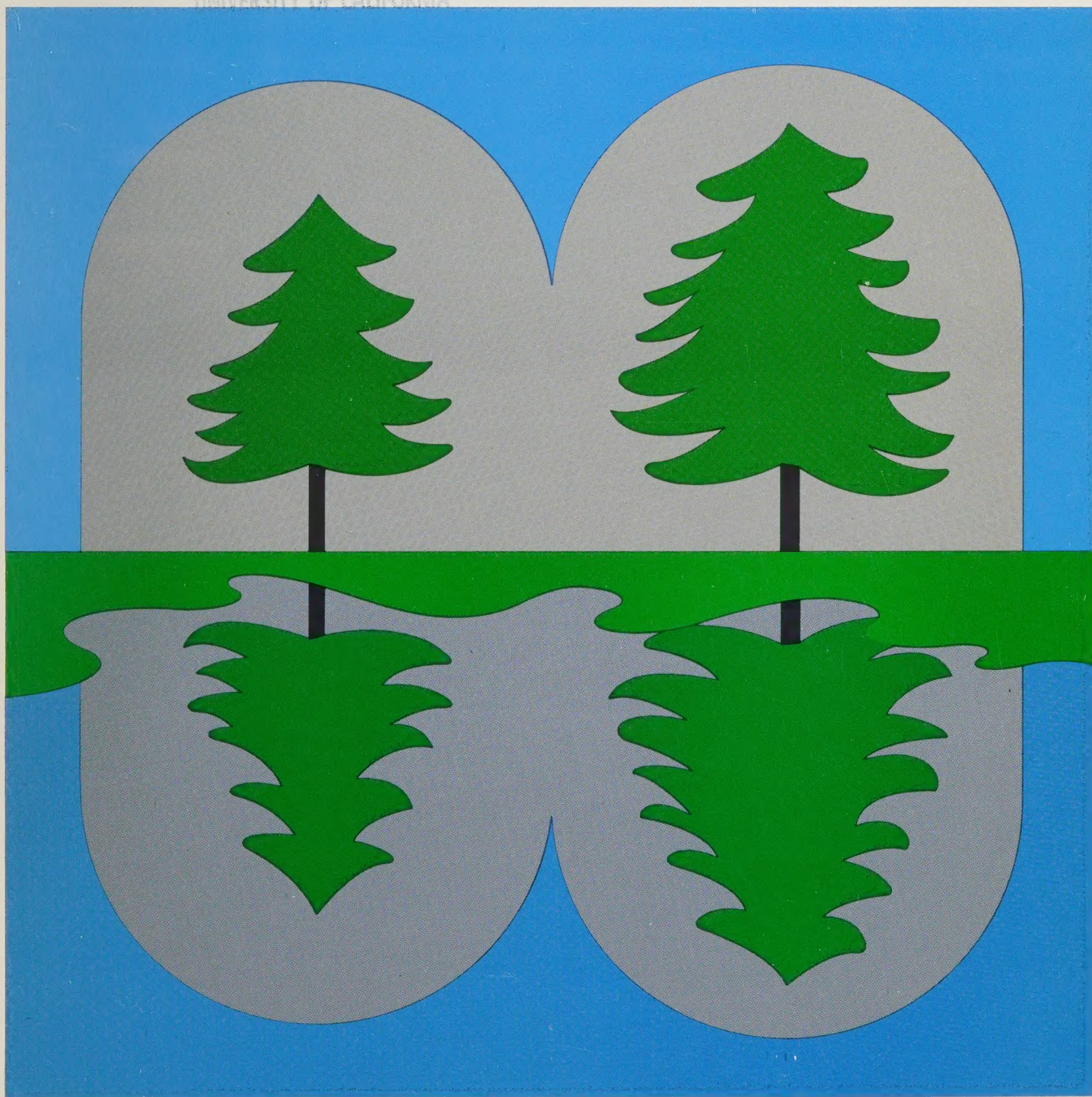
UNIVERSITY OF CALIFORNIA

BBARWA

Big Bear Area Regional
Wastewater Agency

\$3,000,000

Sewer Revenue Bonds,
Issue Of 1977



Sale: June 8, 1977

Bartle Wells Associates

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NEW ISSUE:
Sale Date: June 8, 1977

MAY 27 1977

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
SAN BERNARDINO COUNTY, CALIFORNIA
\$3,000,000 SEWER REVENUE BONDS, ISSUE OF 1977

UNIVERSITY OF CALIFORNIA

The bonds described in the Official Statement are revenue bonds of the Big Bear Area Regional Wastewater Agency, a joint exercise of powers agency created under the laws of the State of California by inter-governmental agreement among Big Bear City Community Services District, Big Bear Lake Sanitation District, and San Bernardino County acting on behalf of County Service Area 53, Zone B. The bonds are issued under the California Revenue Bond Law of 1941. Bond proceeds will be used to pay the local costs of regional sewage interceptors and a wastewater treatment and disposal system. The remaining costs are to be paid by federal and state grants. Bonds are secured solely by a first lien on gross revenues of the Big Bear Area Regional Wastewater Agency and not by taxes. Revenues of the agency are service charges and infiltration/inflow charges to member districts and, in addition, connection charges and standby charges collected on behalf of the agency by the member districts.

Bonds Dated: July 1, 1977
Denomination: \$5,000
Due: January 1, as shown below:

RATING:
Standard & Poor's Corporation has assigned its municipal bond rating of "AA" to this issue of bonds on the understanding that the standard policy of American Municipal Bond Assurance Corporation insuring the timely payment of the principal of and interest on these bonds will be issued by AMBAC upon issuance of the bonds.

Year	Amount	Rate	Yield or Price	Year	Amount	Rate	Yield or Price
1980	\$ 50,000	%		1990	\$150,000	%	
1981	60,000			1991	155,000		
1982	75,000			1992	170,000		
1983	85,000			1993	180,000		
1984	100,000			1994	190,000		
1985	105,000			1995	205,000		
1986	110,000			1996	220,000		
1987	120,000			1997	240,000		
1988	130,000			1998	250,000		
1989	135,000			1999	270,000		

The bonds are coupon bonds, payable to bearer, or fully registered bonds, interchangeable under terms of the Resolution of Issuance. Principal is payable annually beginning January 1, 1980 and interest is payable semiannually beginning January 1, 1978, both at the main office of Bank of America, N.T.&S.A., Los Angeles, and paying agents in New York and Chicago.

Bonds maturing on or before January 1, 1988 (bonds numbered 1-167) are not callable prior to maturity. Bonds maturing on or after January 1, 1989 (bonds numbered 168-600) are callable pursuant to the terms stated in the Notice Inviting Bids, including payment of a premium.

Big Bear Area Regional Wastewater Agency is offering these bonds for delivery when, as, and if issued, subject to the legal opinion of James Warren Beebe, A Law Corporation, bond counsel, Los Angeles, approving the validity of the bonds and stating that interest on the bonds is exempt from present federal income taxes and from California personal income taxes under existing statutes, regulations, and court decisions.

Terms and conditions of the offering are fully set forth in the Notice Inviting Bids dated May 17, 1977. Bids will be received on Wednesday, June 8, 1977 at James Warren Beebe, A Law Corporation, 611 West Sixth Street, Suite 1892, Los Angeles, California, up to 11:00 a.m. Pacific Time. Bids will not be accepted for less than 100 percent of par. Following acceptance of a bid, information on the bond coupon rates, reoffering prices, and bond rating will be imprinted in the spaces provided on this page.

This page supplements the accompanying Official Statement dated May 17, 1977.

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INTRODUCTION

Issuer: Big Bear Area Regional Wastewater Agency (BBARWA) is a joint powers agency with three member districts: Big Bear City Community Services District (BBCCSD), Big Bear Lake Sanitation District (BBLSD), and San Bernardino County acting on behalf of County Service Area 53, Zone B (CSA53B). The agency operates under a joint powers agreement in accordance with the California Government Code Section 6500 ff. BBARWA was formed on March 22, 1974 to plan, design, and construct regional sewerage facilities for Big Bear Valley. The agency is in San Bernardino County, California, and is located in the San Bernardino Mountains about 45 miles northeast of the City of San Bernardino.

Purpose: BBARWA will use the bond proceeds to pay the local cost of a grant funded regional sewerage project. BBARWA expects to receive federal and state grants of up to 87.5 percent of the construction cost of most components subject to the final approval by the State Water Resources Control Board of construction grant applications. The project includes two regional interceptors and a wastewater treatment and disposal system. The project's total costs are estimated at \$12.2 million. The local share of costs is estimated at \$2.2 million. Estimated completion date of the project is December 1978. The bonds include a reserve equal to maximum annual debt service and funded interest through July 1, 1979.

Agency Functions: BBARWA was created by agreement among the three member districts for the purposes of: (1) constructing a regional sewerage system for Big Bear Valley, (2) obtaining federal and state grants for such construction, (3) financing the local portion of the cost of such construction with revenue bonds, and (4) operating the regional sewerage system. At a special election held on March 2, 1976, the voters in Big Bear Valley authorized BBARWA to issue \$3 million of revenue bonds to pay the local portion of the cost of the regional sewerage system.

On May 3, 1977, BBARWA and its member districts enacted three operating agreements which: (1) designate BBARWA as owner and operator of the regional sewerage facilities until all revenue bonds have been paid in full, (2) acknowledge the member districts as the owners and operators of local collector sewers, (3) transfer certain existing treatment and interceptor facilities to BBARWA, (4) specify the manner in which BBARWA will collect its charges, (5) contract with BBCCSD and BBLSD to provide operational services and construction coordination for the regional system, and (6) set July 1, 1978 as the start of BBARWA's operation.

Security: The bonds are issued under the Revenue Bond Law of 1941. The bonds are payable solely from four revenue sources defined in the operating agreements: (1) an annual service charge to each member district based on the number of equivalent dwelling units (EDU's) within the district, (2) an annual infiltration/inflow charge to each district based on infiltration/inflow attributable to the district, (3) escalating connection charges levied by each district on BBARWA's behalf on all new sewer

customers after July 1, 1978, and (4) standby charges levied on BBARWA's behalf by each district on all buildable vacant lots located so they can be connected to a sewer. BBARWA has no authority to levy a tax to support bond service or for any other purpose. BBARWA has made the operating agreements concerning collection of charges enforceable by the bondholders.

BBARWA will set its charges based on budgets approved prior to May 1 preceding the fiscal year in which the charges will be levied. For the first full year of operation of BBARWA's enterprise, 1978/79, BBARWA will set its charges based on an audited statement of equivalent dwelling units and on a budget filed with the fiscal agent showing that projected revenues meet projected expenses.

BBARWA will fund interest from the bond proceeds through July 1, 1979. BBARWA covenants to maintain bond coverage of 1.3 times annual bond service from 1979/80.

Each of BBARWA's three member districts will levy EDU charges on its own sewer customers to pay its annual service charge to BBARWA. BBARWA's three member districts, by contract, must pay BBARWA their full annual service charge regardless of sewer service charge delinquencies which occur at the local level and fund delinquencies from available revenues. Two of BBARWA's member districts, BBLSD and CSA53B, have taxing headroom within the California tax rate limitation which could be made available to make up delinquencies. The bondholders, however, cannot compel the districts to levy a tax to fund delinquencies. The third district, BBCCSD, has over \$600,000 of unrestricted reserves available to make up delinquencies. The member districts have pledged, as part of the operating agreements, to use every means available to collect delinquent service charges.

Economy: Big Bear Valley is about 100 miles from the City of Los Angeles and 45 miles from the City of San Bernardino. BBARWA's service area covers about 79,040 acres. About 18,140 acres are in private ownership and of this total, 22 percent has been developed. The remaining 60,900 acres are administered by the U.S. Forest Service as a recreational area.

Big Bear Valley is primarily a recreational area. The U.S. Forest Service estimates that over 3,155,000 visitors entered the valley in 1976.

Big Bear Lake is the area's major attraction. Efforts to improve and stimulate recreational use of the lake are currently being undertaken by the Big Bear Municipal Water District. The water district recently purchased the lake site from a mutual water company. The district plans to stabilize the level of the lake by substituting its own water purchases for lake withdrawals. These purchases would be subject to the availability of water for purchase.

The valley has three ski resorts, two of which have snow-making equipment. These resorts use local ground water to make snow.

Reflecting the recreational orientation of the valley, many of the valley's visitors maintain second or vacation homes in the valley and come to the valley during weekends, vacations, or holidays. Of the 11,891 dwelling units in BBARWA's service area, 22 percent are occupied full-time. The permanent population in BBARWA's service area as reported by the U.S. Census was 7,045 in 1975. Another 2,000 persons live in the valley 50 percent or more of the time.

The San Bernardino County Building and Safety Department reports on building activity in Big Bear Valley. Since 1973 an average of 510 housing units have been built per year. The market value of building activity in the valley exceeded \$20 million in 1976. The market value of building activity has increased since 1973 an average of 4.7 percent per year.

This introduction is not a summary of the Official Statement. Information presented in this section is treated more completely elsewhere in this Official Statement, which should be read in its entirety.

THE BONDS

\$3,000,000 Big Bear Area Regional Wastewater Agency, Sewer Revenue Bonds, Issue of 1977.

Date: July 1, 1977

Denomination: \$5,000

Estimated Annual Bond Service:

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
\$3,000,000 SEWER REVENUE BONDS, ISSUE OF 1977
ESTIMATED ANNUAL BOND SERVICE

Calendar Year	Principal Maturing January 1	Interest Estimated at 6.5 ⁰⁷ %*	Bond Service
1978	\$ --	\$ 195,000	\$ 195,000
1979	--	195,000	195,000
1980	50,000	193,375	243,375
1981	60,000	189,800	249,800
1982	75,000	185,413	260,413
1983	85,000	180,213	265,213
1984	100,000	174,200	274,200
1985	105,000	167,538	272,538
1986	110,000	160,550	270,550
1987	120,000	153,075	273,075
1988	130,000	144,950	274,950
1989	135,000	136,338	271,338
1990	150,000	127,075	277,075
1991	155,000	117,163	272,163
1992	170,000	106,600	276,600
1993	180,000	95,225	275,225
1994	190,000	83,200	273,200
1995	205,000	70,363	275,363
1996	220,000	56,550	276,550
1997	240,000	41,600	281,600
1998	250,000	25,675	275,675
1999	270,000	8,775	278,775
	<u>\$3,000,000</u>	<u>\$2,807,650</u>	<u>\$5,807,650</u>

*Bond interest has been estimated at the annual rate shown. Actual coupon rates will be set by competitive bid, and may vary from the annual rate estimated. As a result both interest and bond service may differ from the annual amounts estimated.

Interest: Coupons payable semiannually on January 1 and July 1, beginning January 1, 1978. Interest through July 1, 1979 funded from bond proceeds.

Redemption: Bonds maturing 1980 through 1988 (\$835,000 principal amount) are not callable. Bonds maturing 1989 through 1999 (\$2,165,000 principal amount) are callable as a whole or in part on any interest payment date on or after January 1, 1988 in inverse order of maturity and by lot within each maturity. Premium of 1/4 of 1 percent for each year or portion of each year from date of redemption to date of maturity with a maximum of 2 percent.

Registration: Two forms of bonds have been provided: (1) those which are in negotiable form, payable to bearer with negotiable coupons ("Bearer Bonds"), and (2) those issued as nonnegotiable fully registered bonds payable to the registered owner ("Fully Registered Bonds").

Fiscal Agent: Bank of America, N.T.&S.A., Los Angeles, is appointed fiscal agent in the Resolution of Issuance. The fiscal agent will manage various funds for the agency and issue an annual report. The fiscal agent will pay bond interest and principal at its principal Los Angeles office and at the office of its designated paying agents in New York and Chicago.

Tax Status: In the opinion of bond counsel, bond interest is exempt from present federal income taxes and from California personal income taxes under existing statutes, regulations, and court decisions.

Authority for Issuance: The bonds are issued under the Revenue Bond Law of 1941 and the Resolution of Issuance dated May 17, 1977. The bonds were approved by an 88 percent affirmative vote at a special election held on March 2, 1976 within the service area of the agency as required by Government Code Section 54307.1.

Purpose: Bond proceeds will be used to pay the local share of a regional sewerage project in Big Bear Valley. The remainder of the project will be paid by federal and state grants. The project includes construction of two interceptors with various pump stations, expansion of an existing treatment plant, construction of a regional lift station with outfall to Lucerne Valley, and preparation of an irrigation site for disposal.

Security: Bonds are secured solely by a first lien on gross revenues of the Big Bear Area Regional Wastewater Agency. BBARWA will have, commencing in fiscal year 1978/79, four basic revenue sources: (1) an annual service charge to each member district based on the number of equivalent dwelling units (EDU's) within the district, (2) an annual infiltration/inflow charge to each district based on peak infiltration/inflow attributable to the district, (3) escalating connection charges levied by each district on BBARWA's behalf on all new sewer customers after July 1, 1978, and (4) standby charges levied on BBARWA's behalf by each district on all buildable vacant lots located so they can be connected to a sewer. BBARWA has no authority to levy a tax for any purpose.

BBARWA will set its charges to member districts, and other charges, based on budgets approved prior to May 1 preceding the fiscal year in which the charges will be levied. For the first full year of operation of BBARWA's enterprise, 1978/79, BBARWA will set its charges based on an audited statement of EDU's and on a budget filed with the fiscal agent showing that projected revenues meet projected expenses. BBARWA covenants to maintain bond coverage of 1.3 times annual bond service from 1979/80, the first year in which the agency must make a bond service payment from its own revenues. All revenues of the agency are deposited with the fiscal agent in the Revenue Fund for allocation to the Principal and Interest Accounts, Maintenance and Operations Fund, Reserve Account, and Surplus Account in accordance with the terms of the Resolution of Issuance. BBARWA's operating agreement that sets forth the method and procedure for collecting charges names the bondholders as third party beneficiaries and entitles them to enforce the agreement on their own behalf if necessary.

Additional Bonds: No additional bonds are authorized.

Additional parity bonds will not be issued except under the following conditions:

1. The agency is not in default.
2. Rates and charges sufficient to produce 1.3 revenue coverage for existing and proposed bond service have been adopted.
3. Bond proceeds are used to establish a Reserve Fund at an amount equal to maximum annual bond service on the additional bond series.

Sale of the Bonds: The offering of these bonds is made in accordance with the Notice Inviting Bids dated May 17, 1977. Matters discussed in this section are expressly subject to the terms and conditions of the Notice Inviting Bids, to which reference should be made for further detail.

Legal Opinion: The opinion of James Warren Beebe, A Law Corporation, bond counsel, Los Angeles, California, approving the validity of the bonds as of the date of delivery thereof, will be furnished to the successful bidder and printed on each bond at the agency's expense.

The statements of law and legal conclusions set forth in this Official Statement under the heading "The Bonds" have been reviewed by bond counsel. Bond counsel's employment is limited to a review of the legal procedures required for issuance of the bonds and to the rendering of an opinion as to the validity of the bonds and the exemption of interest on the bonds from income taxation. Bond counsel has participated in conferences, correspondence, and telephone communications with representatives of the municipal financing consultant and the agency, including its counsel, at which the contents of the Official Statement were discussed, but bond counsel has made no independent investigation to verify the accuracy or completeness of any statements contained in the Official Statement (other than under the

heading "The Bonds" as above set forth, and, accordingly, will not be passing upon or assuming responsibility for such accuracy or completeness). However, bond counsel's opinion will state, in substance, that as of the date of delivery of the bonds to the purchasers, nothing has come to their attention which leads them to believe that portions of the Official Statement (other than financial statements or other financial or statistical information included therein, as to which they express no belief) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Closing Documents: At the time of delivery of the bonds in addition to customary closing documents, the issuer will furnish the following documents to the successful bidder:

- o No Litigation Certificate: A certificate stating that there is no litigation pending, or in progress, affecting the validity of the bonds.
- o Certificate Concerning Official Statement: A certificate, signed by a responsible official representing the issuer, to the effect that to the best of his or her knowledge and belief, and after reasonable investigation: (a) neither the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (b) since the date of the Official Statement no event has occurred which should have been set forth in an amendment or supplement, which has not been set forth; and (c) there has been no material adverse change in the operation or financial affairs of the issuer since the date of this Official Statement.

Insurance: American Municipal Bond Assurance Corporation (AMBAC) has committed to issue, effective as of the date on which this bond issue is sold, a policy of insurance guaranteeing the payment when due of the principal of and interest on these bonds. The insurance extends for the life of the bonds and cannot be cancelled by AMBAC.

Reference is made to the AMBAC policy for definition of the bondholder's rights. The following is necessarily a general description and, in all cases, the specific provisions of the policy govern.

In the event the paying agent on these bonds is not in receipt of sufficient funds from their issuer five days in advance of the date on which principal and interest is scheduled to be paid, the paying agent is instructed to advise the U.S. Trust Company of New York, Insurance Trustee, of the amount it needs to make payment of maturing bonds and interest coupons. The Insurance Trustee, the insured, will then make claim on AMBAC for such amount. AMBAC, under its policy, is obligated to pay such a claim on the part of the Insurance Trustee within 30 days of the receipt

of notice thereof, conditioned only on its receipt of the bonds and coupons paid from the proceeds of insurance. AMBAC has announced its intention to act expeditiously on such claims to the end, if reasonably possible, of avoiding any delay in the payment of principal and interest insured by it.

American Municipal Bond Assurance Corporation is a New York domiciled insurance company, licensed and regulated by the Insurance Department of the State of New York. The Department has promulgated regulations specifically designed for insurers of municipal bonds which, among other things, limit the insurer as to exposure on both a single risk and total risk basis. AMBAC is a subsidiary of MGIC Investment Corporation, a nationally known financial holding company listed on the New York Stock Exchange, whose consolidated assets amounted \$897,511,000 and net worth amounted to \$283,197,000 as of December 31, 1976. AMBAC's net worth as of December 31, 1976 amounted to \$19,817,000.

Skiing in Big Bear Valley is not dependent upon natural snow conditions. Snow Summit is one of the valley's two ski slopes which are able to produce man-made snow. (*Jim Eidson photo.*)



THE AGENCY

The Big Bear Area Regional Wastewater Agency (BBARWA) was formed in March 1974 to plan wastewater management in Big Bear Valley. BBARWA is a joint exercise of powers agency, created by three existing special districts pursuant to the California Government Code section 6500 ff. The three districts participating in BBARWA are: Big Bear City Community Services District (BCCSD), Big Bear Lake Sanitation District (BBLSD), and the County of San Bernardino acting on behalf of County Service Area 53, Zone B (CSA53B). BBARWA is a contractually created management agency obligated to provide service to its three member districts under the terms set forth in its operating agreements.

In 1973 the California Regional Water Quality Control Board, Santa Ana Region, prohibited discharge of waste from any new septic tanks and leaching systems in Big Bear Valley. The board intends to prohibit further use of all existing underground waste disposal systems after July 1, 1980. The prohibition will apply to all dischargers except those able to show very special circumstances of location and soil conditions.

On March 2, 1976, voters in Big Bear Valley authorized BBARWA to issue up to \$3 million of revenue bonds to finance the local share of a regional sewerage project. The approving vote was 88 percent. BBARWA has now completed final design of this project and is ready to proceed with construction. BBARWA currently has no employees and intends to contract for operational and administrative services with two of its member districts. The operational and administrative arrangements are described in greater detail in the sections of this Official Statement entitled "Legal Documents" and "The Project."

The five directors of BBARWA are appointed from the agency's three member districts: two from Big Bear City Community Services District, two from Big Bear Lake Sanitation District, and one from County Service Area 53, Zone B. Decisions by the board require a four-fifths majority. All five directors are residents of Big Bear Valley with a record of responsible public service:

- o James L. Ward, Chairman - plumbing and heating contractor; resident of Big Bear Valley since 1945; member of board of directors of districts which preceded Big Bear City Community Services District (1949-1966); member of Big Bear City Community Services District Board of Directors (1966-present); and County Airport Commission (1973-present).
- o Homer Moore, Vice Chairman - retired, former owner and operator of a camp and boat landing facility; resident of Big Bear Valley since 1931; member of Big Bear Lake Sanitation District Advisory Commission (1955-present), Big Bear Lake Pest Abatement Board of Trustees (1964-present), Big Bear Municipal Water District Environmental Advisory Board, and Big Bear Valley Chamber of Commerce.

- o William L. Peery, Secretary - real estate broker and owner of Peery Insurance, Loans & Real Estate; resident of Big Bear Valley since 1956; area representative for Pomona First Federal Savings and Loan Association; president of Big Bear City Community Services District Board of Directors, member of board since 1966.
- o James Ackles - Assistant Superintendent of Southern California Water Company; resident of Big Bear Valley since 1956; member of Big Bear Lake Sanitation District Advisory Commission since 1974.
- o Thomas Hickey - teacher, Big Bear High School; resident of Big Bear Valley since 1960; member of County Service Area 53, Zone B Advisory Commission (1975-present).

Big Bear Area Regional Wastewater Agency will be using the offices of the Big Bear City Community Services District.
(Eidson Photography photo.)



LEGAL DOCUMENTS

The following legal documents relate to the Big Bear Area Regional Wastewater Agency, Sewer Revenue Bonds, Issue of 1977:

JOINT POWERS AGREEMENT

The Joint Powers Agreement, dated March 22, 1974, establishes BBARWA as a joint exercise of powers agency under California law. The agreement is among three districts: (1) Big Bear City Community Services District (BCCSD), (2) Big Bear Lake Sanitation District (BBLSD), and (3) San Bernardino County acting on behalf of County Service Area 53, Zone B (CSA53B). In this agreement BBARWA is empowered to construct a regional sewerage system for Big Bear Valley, obtain state and federal grants for the system, finance the local share of the system, and operate the system. The agreement anticipates issuance of revenue bonds under the Revenue Bond Law of 1941. The agreement establishes a five-member governing board composed as follows: two from BCCSD, two from BBLSD, and one from CSA53B. The agreement allows BBARWA to exercise all powers necessary to the design, construction, and operation of a regional sewerage system.

OPERATING AGREEMENT NO. 1

This contract, dated May 3, 1977, between BBARWA and each of its three member districts specifies the arrangements for system operation and financing. This agreement specifies BBARWA as the owner of three regional interceptors, the regional treatment plant, and the regional lift station, outfall, and disposal facilities. BBARWA intends to contract for operation with BCCSD and BBLSD as specified in Operating Agreement No. 3. The three member districts will own and operate their own local collection systems.

BBARWA will levy an annual charge on each member district composed of: (1) a service charge, and (2) an infiltration/inflow charge. The service charge to each district will be based on the number of equivalent dwelling units (EDU's) in the district. The infiltration/inflow charge to each district will be based on the amount of infiltration/inflow contributed by the district.

Each member district is required to adopt the equivalent dwelling unit classification specified by BBARWA and to levy a charge per EDU specified by BBARWA. Each type of user is assigned an equivalent dwelling unit charge based on estimates of sewage flows and pollutant concentrations. BBARWA will set the equivalent dwelling unit charge for each fiscal year by the preceding May 1. This charge will be based on budget estimates for the fiscal year and will take into account BBARWA's other revenue sources. Estimates as to the charge per EDU and the aggregate revenues of the agency are shown in the financing pro forma.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
SUMMARY OF LEGAL DOCUMENTS

12

Title	Purpose	Major Provisions
Operating Agreement No. 1	System operation Financial arrangements	<ul style="list-style-type: none"> -BBARWA is owner of interceptors, treatment, and disposal facilities. -Three member districts own and operate collection systems. -BBARWA levies: <ul style="list-style-type: none"> (1) Annual charge on each of the three member districts which is based on: <ul style="list-style-type: none"> (a) number of equivalent dwelling units in member districts (b) assigned infiltration/inflow to member district. -Districts guarantee to make up delinquencies on individual sewer bills from available funds and to collect delinquent charges through legally available procedures.
Operating Agreement No. 2	Transfer of facilities	<ul style="list-style-type: none"> -Cost of BBCCSD treatment plant, land, and interceptor \$786,404. -Cost of BBLSD treatment plant and land \$253,569 -Payment term 15 years, interest rate 5.5 percent beginning 1978/79--Total annual payment required is \$103,607.93.
Operating Agreement No. 3	Contract for operation	<ul style="list-style-type: none"> -BBCCSD operates treatment and disposal -BBLSD operates interceptors -BBCCSD provides administrative services -BBCCSD and BBLSD provide construction coordination.
Resolution of Issuance		<ul style="list-style-type: none"> -Terms and conditions of bonds, definition of funds and flow of interest earnings. Bond coverage 1.3 for 1979/80 and thereafter.

Source: Prepared by Bartle Wells Associates based upon legal documents.

Each member district is required to pay the full annual charge regardless of whether individual sewer customers within their service areas are delinquent on individual sewer bills. The districts are required to use every remedy available to collect delinquent charges including the conversion of delinquent charges to property liens as provided for by California law.

The districts are required to pay their fiscal year annual charge in two installments: 75 percent by August 31, and 25 percent by November 30. In the event of dispute concerning the charge, the district must pay the charge in any case pending resolution of the dispute.

In addition, the three member districts will levy on BBARWA's behalf a connection charge on each new sewer customer who builds structures after July 1, 1978. These charges are set by BBARWA and will be paid to BBARWA as they are received by the districts. Finally, each member district will levy standby charges on all able vacant that could connect to a collector sewer. These charges must be paid to BBARWA by November 30 of each year.

The operating agreement also specifies that BBARWA's enterprise will begin operations on July 1, 1978. BBARWA must monitor flows through its facilities and issue an annual report on when facility expansion is needed. BBARWA guarantees, upon completion of the project, to provide sufficient capacity to meet all demands on the sewer system from the existing service area. BBARWA can refuse to allow its member district to annex territory which would create sewage flows in excess of available capacity.

OPERATING AGREEMENT NO. 2

This agreement, dated May 3, 1977, transfers ownership of certain existing sewerage facilities to BBARWA from its member districts. BBARWA will own these facilities beginning July 1, 1977 but will not operate them until July 1, 1978. BBARWA will purchase all existing facilities over a 15-year period at 5.5 percent interest. BBARWA will pay installments beginning in 1978/79 on this purchase from surplus funds after payment of bond service.

This agreement also specifies operating restrictions on the system prior to project completion. Until July 1, 1978 both BBCCSD and BBLSD will continue to operate and use their existing facilities as if they were separate systems. After July 1, 1978 BBARWA will assume operational responsibility for all regional sewerage facilities.

Operating Agreement No. 2 specifies flow restrictions on BBLSD pending completion of an interceptor from BBLSD to BBCCSD, estimated to be December 1977. These restrictions are more fully explained in "The Project" section of this Official Statement.

OPERATING AGREEMENT NO. 3

This agreement, dated May 3, 1977, divides the regional facilities into two parts: (1) the treatment and disposal system which will be operated for BBARWA by BBCCSD, and (2) the interceptors which will be operated for BBARWA by BBLSD. In addition, BBARWA will contract with BBCCSD for general administration. BBARWA has the option of canceling any one of these services at the end of any fiscal year and contracting with other parties to provide the services. BBARWA will make monthly payments to each district for services.

This agreement also appoints BBCCSD and BBLSD as construction coordinators to assure that the project is completed on schedule within available funds. As construction coordinators, the district staffs are directed to hold regular meetings and to coordinate the work of inspecting engineers on individual project components.

RESOLUTION OF ISSUANCE

The Resolution of Issuance specifies the terms and conditions under which the bonds are offered. The resolution appoints a fiscal agent. It establishes funds for the management of bond proceeds and agency revenues, and directs the use of investment proceeds. It specifies a bond coverage requirement of 1.3 times annual bond service, beginning in 1979/80.

The accompanying table summarizes the legal documents.

The above summaries of legal documents are offered subject to the provisions of the complete documents. Copies of the documents are available from Bartle Wells Associates upon request prior to the delivery of the bonds.

CREATION OF FUNDS

The Resolution of Issuance establishes the following flow of moneys to provide security to bondholders and for orderly and efficient operation of the agency's sewer enterprise.

FROM BOND PROCEEDS

The fiscal agent will distribute bond proceeds among the following funds and accounts in the order of listing:

Reserve Account - An amount equal to maximum annual bond service will be deposited in the Reserve Account from bond proceeds. All earnings on the deposits will go to the Construction Fund during construction and to the Revenue Fund thereafter. The Reserve Account will be reimbursed on December 1 of each year beginning in 1978 to maintain a balance equal to maximum annual bond service. The Reserve Account is to be administered by the fiscal agent.

Principal and Interest Accounts - From bond proceeds, the fiscal agent will deposit sufficient amounts in the Interest Account to pay interest payments through July 1, 1979. On December 1 of every year, beginning in 1979, the fiscal agent will transfer sufficient proceeds to the Principal Account and the Interest Account, which together with existing balances in the accounts, will pay principal and interest on January 1 and interest on July 1 of the succeeding calendar year. Earnings on these two accounts during construction will be deposited in the Construction Fund. After construction is complete these earnings will go to the Revenue Fund. These accounts will be administered by the fiscal agent.

Construction Fund - The amount remaining from the bond proceeds after deposits to the Reserve Account and Interest Account will be placed in the Construction Fund. From this fund the agency will pay issuance costs, reimburse advances for design, and pay construction costs. All earnings from this fund are to remain in the fund. Any money remaining in the fund upon completion of the project is to be deposited in the Revenue Fund. The Construction Fund is to be administered by the agency.

FROM REVENUES

The agency will begin collecting revenues from its member district in fiscal 1978/79. The agency receives revenues from its member districts on August 31 and November 30. On August 31, BBARWA will receive 75 percent of its annual charges to member districts. On November 30, BBARWA will receive the remaining 25 percent of annual charges. Also on November 30 BBARWA will receive all of its standby charge revenues from its member districts. BBARWA will receive connection charge revenues as they are collected by the member districts. The revenues will be distributed among the following funds and accounts in the order of listing:

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
FUNDS AND ACCOUNTS CREATED BY RESOLUTION OF ISSUANCE

	Holder	Source of Funds	Priority of Revenue Transfer	Purpose	Covenant
Construction Fund	Agency	Bond proceeds	--	Construction of regional sewerage facilities	--
Revenue Fund	Fiscal agent	Gross revenues	--	Allocation to other funds and accounts as received	--
Interest Account	Fiscal agent	Bond proceeds through July 1, 1979, annual transfers thereafter on December 1	1	Payment of interest when due	--
Principal Account	Fiscal agent	Annual transfers on December 1	1	Payment of principal when due	--
Reserve Account	Fiscal agent	Bond proceeds, annual transfers, if required on December 1	2	Payment of interest, principal if other funds are insufficient	Maintain maximum annual bond service
Maintenance and Operations Funds	Agency	Revenue Fund, limited transfers prior to December 1, Surplus Account if needed	3	Payment of maintenance and operation expenses	Maintain balance of 10% of operating expenses
Surplus Account	Fiscal Agent	Balance of revenues	4	Capital improvement, bond service, payment for facilities purchase, call or purchase of bonds, any lawful purpose	Maintain year end balance of 25% of operating expenses to meet cash flows

Source: Prepared by Bartle Wells Associates.

Revenue Fund - All revenues of the agency are deposited in this fund for disbursement to other funds and accounts by the fiscal agent as required. The fiscal agent will report annually on the revenues of the agency and their disbursement among various funds and accounts. This fund will be administered by the fiscal agent.

Principal and Interest Accounts - The fiscal agent will make sufficient transfers by December 1 of each year beginning in 1979 to pay bond service for the subsequent calendar year.

Reserve Account - If necessary, the fiscal agent will reimburse, by December 1 of each year, beginning in 1978, the Reserve Account to maximum annual debt service.

Maintenance and Operations Fund - The fiscal agent will make transfers from the Revenue Account or from the Surplus Account to this fund, sufficient to pay operations and maintenance expenses. On August 31 of each year the fiscal agent may transfer from revenues received on August 31, up to 25 percent of the fiscal year's budgeted expenses to fund operations costs as long as revenue receipts on August 31 meet budget projections. Operations costs prior to August 31 of the fiscal year will be funded with transfers from the Surplus Account. The agency covenants to maintain a capital reserve in this fund of at least 10 percent of operating expenses of the previous fiscal year. This reserve will be available for emergency operating expenses. This fund is to be administered by the agency.

Surplus Account - All surplus money after payment of bond service and operations and maintenance expenses, will be deposited in the Surplus Account. This account is available for: (1) additions and betterments to the regional sewerage facilities, (2) payments to the districts for purchase of existing facilities, (3) purchase of outstanding agency bonds on the open market, (4) redemption of bonds, (5) payment of bond principal and interest, (6) replacement to the Reserve Account if necessary, and (7) any other purpose for which the agency can legally make expenditures. The agency covenants to have a year end balance in the Surplus Account of at least 25 percent of operating expenses of the previous year. This balance will fund operations costs for the succeeding fiscal year until the agency begins receiving revenues on August 31. The Surplus Account is to be administered by the fiscal agent.

The accompanying table summarizes the funds and accounts established by the agency.



Big Bear Lake, which offers fishing, boating, sailing as well as water skiing opportunities, is the valley's major attraction. (*Eidson Photography photo.*)

The community of Fawnskin is located on the north shore of Big Bear Lake. (*Eidson Photography photo.*)



THE PROJECT

The Big Bear Area Regional Wastewater Agency will use the bond proceeds to pay for the local share of a grant-funded regional sewerage system. The project will receive up to 87.5 percent federal and state construction grants under the Federal Water Pollution Control Act Amendments of 1972 and the California Clean Water Grant Program. BBARWA's regional sewerage system has four parts:

- o The Big Bear City Community Services District plant will be expanded to become regional treatment plant to provide for future capacity and to accept wastewater flows from the entire valley. Prior to expansion, BBCCSD will transfer title of this treatment plant to BBARWA under the terms and conditions specified in Operating Agreement No. 2.
- o A regional lift station and outfall will be built near the BBCCSD plant to pump treated effluent out of the basin. The effluent will be used for crop irrigation at a site near Lucerne Valley. BBARWA is in the process of negotiating purchase of an irrigation site and easements for the outfall.
- o A major interceptor will be built from the site of the deactivated BBLSD plant to the regional treatment plant. BBARWA will purchase the plant and a portion of this site from BBLSD under the terms and conditions of Operating Agreement No. 2.
- o A major interceptor will be built along the north shore of Big Bear Lake from Fawnskin (the major community of CSA53B) to the existing BBCCSD interceptor to connect to the BBCCSD treatment plant. BBCCSD will sell this existing interceptor to BBARWA to be operated as a regional interceptor.

The centerspread map shows the major parts of the regional sewerage system.

BBARWA has employed two consulting engineering firms as a joint venture to design the project and to supervise construction. Neste, Brudin & Stone, Inc. of San Bernardino has designed the expansion of the regional treatment plant, the regional lift station, and disposal site. CM Engineering Associates, also of San Bernardino, has designed the two major interceptors and outfall to Lucerne Valley.

The accompanying table shows the cost of the project including planning, design, and construction. Step 1 and Step 2 of the project have been completed. The local share of these two portions of the project was financed with short-term advances from BBARWA's three member districts. BBARWA will reimburse these advances from bond proceeds. The total amount of advances will be approximately \$424,300.

The construction cost estimates are based on final design and specifications by the consulting engineers. The estimates include a 10 percent

contingency on all items except for abandonment of two disposal ponds, which has a 15 percent contingency. The construction grant has been estimated by the consulting engineers based on discussions with the State Water Resources Control Board staff concerning the grant eligibility of project components. The grant eligibility of specific project components will be determined by the State Water Resources Control Board upon approval of Step III applications. The final construction grant amount is subject to an audit conducted by the Environmental Protection Agency at the completion of construction.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY COSTS OF SEWERAGE PROJECT

	Grant ¹	Local ¹	Total
Step 1 - Planning	\$ 253,100	\$ 44,300	\$ 297,400
Step 2 - Design	552,300	380,000	932,300
Step 3 - Construction			
Interceptors and outfalls	4,252,000	708,000	4,960,000
Regional plant	2,656,000	557,000	3,213,000
Disposal system	718,000	103,000	821,000
Abandon BBLSD ponds	99,000	14,000	113,000
Engineering inspection	499,000	91,000	590,000
Land purchase and miscellaneous	201,000	198,000	399,000
Construction contingency ²	778,000	138,000	916,000
Subtotal of Step 3	\$ 9,203,000	\$1,809,000	\$11,012,000
Total Project Costs	\$10,008,400	\$2,233,300	\$12,241,700

1 - Based on engineering estimates of grant eligibility.

2 - Ten percent construction contingency on all components except 15 percent on work to abandon BBLSD ponds.

Source: Prepared by Bartle Wells Associates from data provided by Neste, Brudin & Stone, Inc., CM Engineering Associates, and San Bernardino County Special Districts Office.

The project also includes existing facilities which BBARWA will purchase from its member districts. BBARWA will purchase the regional treatment plant and an existing interceptor from Big Bear City Community Services District. BBARWA will also purchase the deactivated treatment plant and

a portion of the site from Big Bear Lake Sanitation District. BBARWA will not use bond proceeds for purchase of existing facilities. These facilities will be purchased with surplus revenues of the agency after payment of bond service and operations costs.

The accompanying table shows the disposition of bond proceeds. The bond issue funds construction costs and reimbursements to member districts for Step 1 and Step 2 local costs. The bond issue also funds interest payments through July 1, 1979 and a Reserve Account equal to maximum annual debt service.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY DISPOSITION OF BOND PROCEEDS

<u>Project Costs</u> ¹	
Construction Step 3)	\$1,809,000
Reimbursed planning and design (Steps 1 and 2)	
Big Bear City Community Services District	124,710
Big Bear Lake Sanitation District	154,410
County Service Area 53, Zone B	20,880
San Bernardino County	124,300
Subtotal (construction and reimbursements)	<u>\$2,233,300</u>
Reserve Fund	\$ 290,000
Funded interest through July 1, 1979	390,000
Issuance costs ²	160,000
Earnings during construction ³	<u>(73,300)</u>
	<u>\$3,000,000</u>

1 - Local share of project costs.

2 - Includes insurance premium of 1.25% of total principal and interest payments.

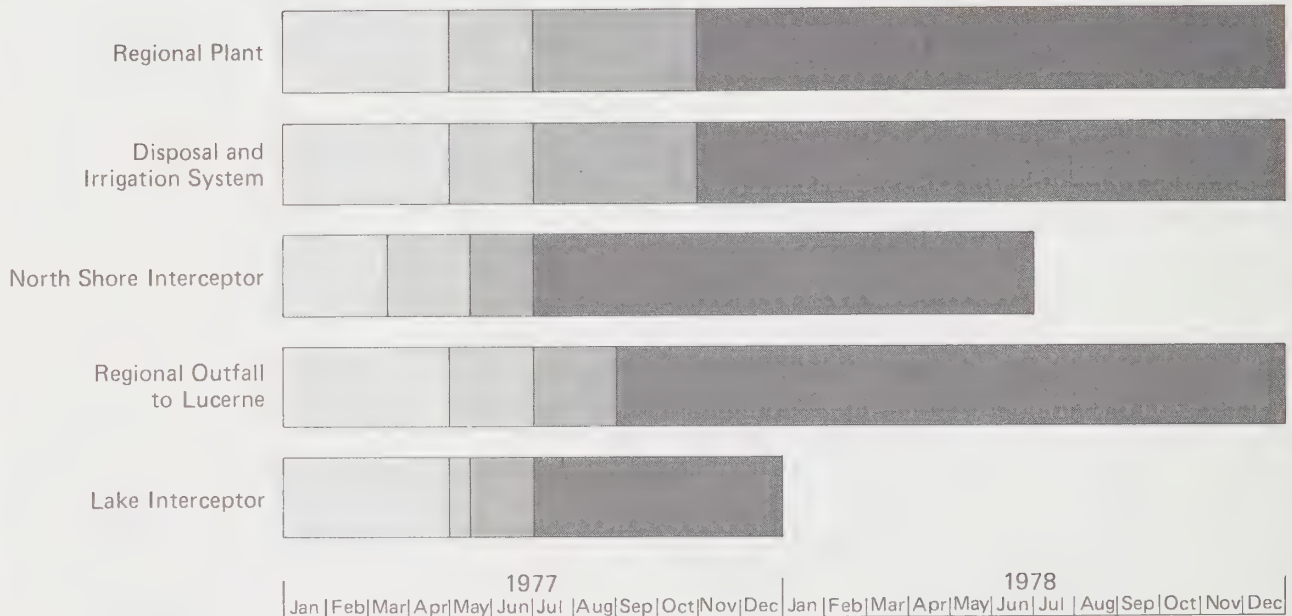
3 - Earnings estimated at 5% per year on Reserve Fund, on Interest Account, and on Construction Fund over 18 month construction period.

Source: Table prepared by Bartle Wells Associates based on cost estimates by Neste, Brudin & Stone, Inc. and CM Engineering Associates, and reimbursed planning expenses reported by San Bernardino County Special Districts Office.

PROJECT SCHEDULE

The accompanying figure shows the construction schedule as estimated by the consulting engineers.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY PROJECT SCHEDULE



Source: Prepared by Bartle Wells Associates based on schedules supplied by Neste, Brudin & Stone, Inc. and CM Engineering Associates.

BBARWA has appointed both BBCCSD and BBLSD as the construction coordinators of BBARWA's projects. Both district staffs have recent experience with managing sewer construction projects.

In 1971 BBCCSD managed the construction of its own treatment plant, the same treatment plant which BBARWA will purchase and modify to become the regional plant. The BBCCSD also managed the construction of the district-wide sewerage program begun in 1968 and completed in 1972. Beginning in September 1975 the BBCCSD staff began managing the construction of local collector sewers. These projects total more than \$5 million. Actual costs on most projects have been 10 to 15 percent below estimates.

The BBLSD staff has managed since 1972 the construction of collector sewers in four assessment districts. These projects amounted to over \$2.9 million. Actual costs on these projects have been 13 percent below estimates.

BBARWA appointed the two districts as construction coordinators to insure that the project components are completed on schedule within available local funds. The district staffs will have overall coordinating and management responsibility for all of BBARWA's construction projects.

FACILITIES OPERATION

BBARWA's operating agreements specify in detail the operation of the regional sewerage system during project construction. This detailed specification is necessary because the BBLSD disposal system has insufficient capacity to handle all effluent from BBLSD. Since 1974, BBLSD has, through agreement, pumped treated sewage effluent to BBCCSD for treatment and disposal in the BBCCSD disposal ponds.

The operating agreements anticipate continuation of this pumping arrangements until completion of the major interceptor from BBLSD to BBCCSD. At this time, BBLSD flows bypass the BBCCSD treatment plant for disposal directly to the disposal ponds near the regional treatment plant. Until the bypass is constructed, flows from BBLSD must be limited to less than 1.2 million gallons per day through flow equalization procedures at its treatment plant.

After completion of the regional treatment plant, BBARWA can deactivate the BBLSD treatment plant and pump all raw sewage directly to the regional plant for treatment and disposal. Based on present projections, the regional treatment plant will have sufficient capacity to handle flows from all three member districts through 1988.

BBARWA will contract for operation of its facilities. The existing contract designates BBCCSD to operate the regional treatment plant, regional lift station and outfall, and regional disposal site. BBLSD is designated to operate the regional interceptors and pumping stations. BBCCSD is designated to provide overall administrative services for BBARWA. Operating Agreement No. 3 provides that BBARWA will pay for all services rendered by the two districts upon submission of monthly invoices by the districts. The agreement also allows BBARWA to terminate the services of any district at the end of a fiscal year with at least 90 days' notice.

Operating Agreement No. 3 gives BBARWA certain powers to review the salaries and staffing of BBCCSD and BBLSD. BBARWA may direct either district to remove, for a cause, any staff member of the district from work performed for BBARWA. BBARWA will also review the salaries of district employees who perform services for BBARWA. Finally, BBARWA may review the qualification of any proposed district employees who would perform work for BBARWA.

BBCCSD is required to bond all employees who perform administrative services for BBARWA. In addition, Operating Agreement No. 3 requires both districts to carry general liability insurance naming BBARWA as an insured party. Both districts are also required to maintain adequate worker compensation insurance for the workers performing service for BBARWA.

THE FINANCING PLAN

BBARWA will rely exclusively on four revenue sources to pay its expenses including bond service and to establish required levels of bond coverage:

1. BBARWA will collect an annual service charge from each member district based on the number of equivalent dwelling units (EDU) in the district.
2. BBARWA will collect an annual infiltration/inflow charge from each member district based on infiltration/inflow contributions.
3. On BBARWA's behalf each district will collect a connection charge from every new sewer connection in the district's service area.
4. On BBARWA's behalf each district will collect a standby charge from every vacant lot that can be connected to a collector sewer within the district's service area.

ANNUAL SERVICE CHARGE

BBARWA's annual service charge to each member district is based on the number of equivalent dwelling units in the district. By contract, each member district is required to adopt BBARWA's user charge classification which specifies the formulas for converting types of sewer user to equivalent dwelling units. The BBARWA governing board has adopted, by resolution, a classification of users which is shown in the accompanying table.

BBARWA will begin levying service charges on its member districts for fiscal 1978/79 payable as described below. Each member district will then be required to levy EDU charges on its own customers according to BBARWA's user charge classification schedule. Each member district will be required to pay BBARWA its full annual service charge regardless of delinquencies in EDU charges at the district level.

By contract, BBARWA will require each member district to pay its annual service charge in two installments. The first installment, due August 31, is equal to 75 percent of the annual service charge. The second installment, due November 30, is equal to the remaining 25 percent of the annual service charge.

BBARWA's member districts intend to bill their customers the EDU charges annually, in advance of service. Because the BBARWA service area has many second homes, the experience for sewer charges has been that billing at the beginning of the summer produces the best customer response. It is contemplated that all of BBARWA's member districts will bill sewer charges annually on June 1 for the succeeding fiscal year. This allows 90 days for collection by the districts prior to the date of the first installment due August 31.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
USER CHARGE CLASSIFICATION

	Basis of Assignment
<u>Residential</u>	
Single family dwellings	1 unit/dwelling
Multiple family dwellings	1 unit/dwelling
Trailer park spaces	1 unit/space
<u>Commercial (Residential strength)¹</u>	
Offices, retail stores, hotels, motels, schools, hospitals, nursing homes, laundromats, car washes, service stations without pump stations, other general commercial ²	1 unit/20 PFU
<u>Commercial (Special strength)¹</u>	
Commercial laundries, restaurants and bars, service stations with pump- outs, bakeries, and food processing	2.25 units/20 PFU
<u>Commercial (Case-by-case)¹</u>	
All commercial users with flows greater than 0.005 MGD peak flow or with con- centrations greater than 650 mg/l of BOD or 1,000 mg/l of SS. Finally, any commercial user requesting and paying the full cost of metering and testing.	Formula ³

1 - Charges in these categories based on plumbing fixture units (PFU).

2 - All commercial users not placed in a high strength category.

3 - Formula for converting case-by-case users to EDU's in available by request.

BBARWA will begin collecting the annual service charge from its member districts beginning in fiscal year 1978/79. Two districts, Big Bear City Community Services District and Big Bear Lake Sanitation District, have sewer customers connected to their collection systems. CSA53B will be building a collection system to be completed on December 1978. Beginning in fiscal 1978/79 all three districts must begin paying an annual service charge. For CSA53B the annual service charge in 1978/79 and 1979/80 will

be based on the capital cost allocation to equivalent dwelling units in the district, even though these are not connected. CSA53B has agreed, by contract, to pay its annual service charge for capital costs with property tax revenues for 1978/79 and 1979/80.

The accompanying table projects the sewer connections in the three member districts. The table projects connections only, not equivalent dwelling units. The classification of users adopted by BBARWA assigns one or more equivalent dwelling units per sewer connection. The table is based on detailed sewer connection projections prepared by the district's consulting engineers.

BBARWA covenants in the Resolution of Issuance to implement its service charges in two steps. By February 1, 1978, each member district must complete an audited inventory of sewer customers and the number of EDUs in the district. These inventories must be filed with the fiscal agent. By May 1, 1978 BBARWA must hold public hearings and adopt and file its charges with the fiscal agent. It must also adopt and file a budget forecast showing that revenues under the proposed charges will meet expenses.

INFILTRATION/INFLOW CHARGES

BBARWA will charge each district an amount to reflect the infiltration/inflows discharged from the district's collection system. The infiltration/inflows will be estimated annually by the agency's engineers in consultation with each district's engineers. Infiltration/inflow charges are due on the same schedule as the annual service charge, 75 percent on August 31 and 25 percent on November 30. The method of determining the charges will be set forth in a supplemental resolution by the agency prior to May 1, 1978.

CONNECTION CHARGES

Each district will collect on BBARWA's behalf a regional connection charge from every new sewer customer building a structure after July 1, 1978. All structures existing before July 1, 1978 are exempt from a connection charge. The BBARWA connection charge anticipated in the financing plan begins in 1978/79 at \$200 per EDU and increases by \$50 per year. Connection charges will be paid to BBARWA as collected.

STANDBY CHARGES

Each member district will levy on BBARWA's behalf a regional standby charge on buildable vacant lots within 200 feet of a collector sewer. The annual standby charge anticipated in the financing plan is \$10 per assessor's parcel, regardless of size. The charge is levied under authority of Government Code Section 54344 ff and Health and Safety Code Section 5471. Standby charges are payable annually to BBARWA on November 30 beginning in 1978/79.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
 PROJECTED SEWER CONNECTIONS
 MAY 1977

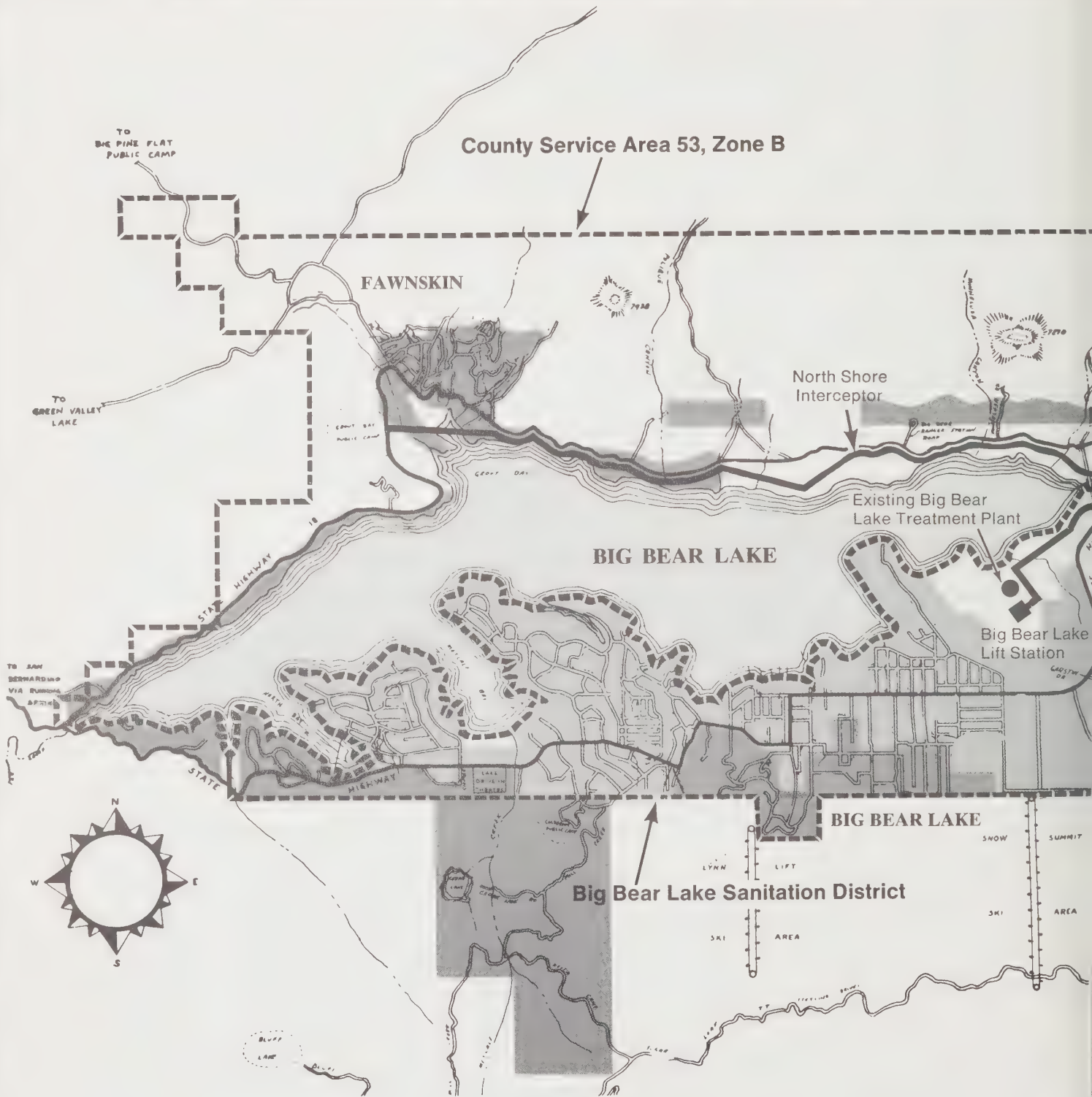
	1978	1979	1980
<u>BBCSD¹</u>			
Existing connections	3,464	3,464	3,464
Existing structures connecting to an existing sewer	387	862	1,670
Existing structures connecting to a new sewer	--	--	480
New structures connecting to an existing sewer	270	630	990
New structures connecting to a new sewer	--	--	110
Total Connections	<u>4,121</u>	<u>4,956</u>	<u>6,714</u>
Vacant lots with sewer available	5,360	4,320	7,270
<u>BBLSD²</u>			
Existing connections as of May 1977	3,555	3,555	3,555
Existing structures connecting to an existing sewer	10	877	1,744
Existing structures connecting to a new sewer	--	149	298
New structures connecting to an existing sewer	50	295	540
New structures connecting to a new sewer	--	25	50
Total Connections	<u>3,615</u>	<u>4,901</u>	<u>6,187</u>
Vacant lots with sewer	3,514	3,665	3,816
<u>CSA53B³</u>			
Existing structures connecting to a new sewer	--	384	752
New structures connecting to a new sewer	--	--	30
Total Connections	<u>--</u>	<u>384</u>	<u>782</u>
Vacant lots with sewer available	--	1,108	1,384

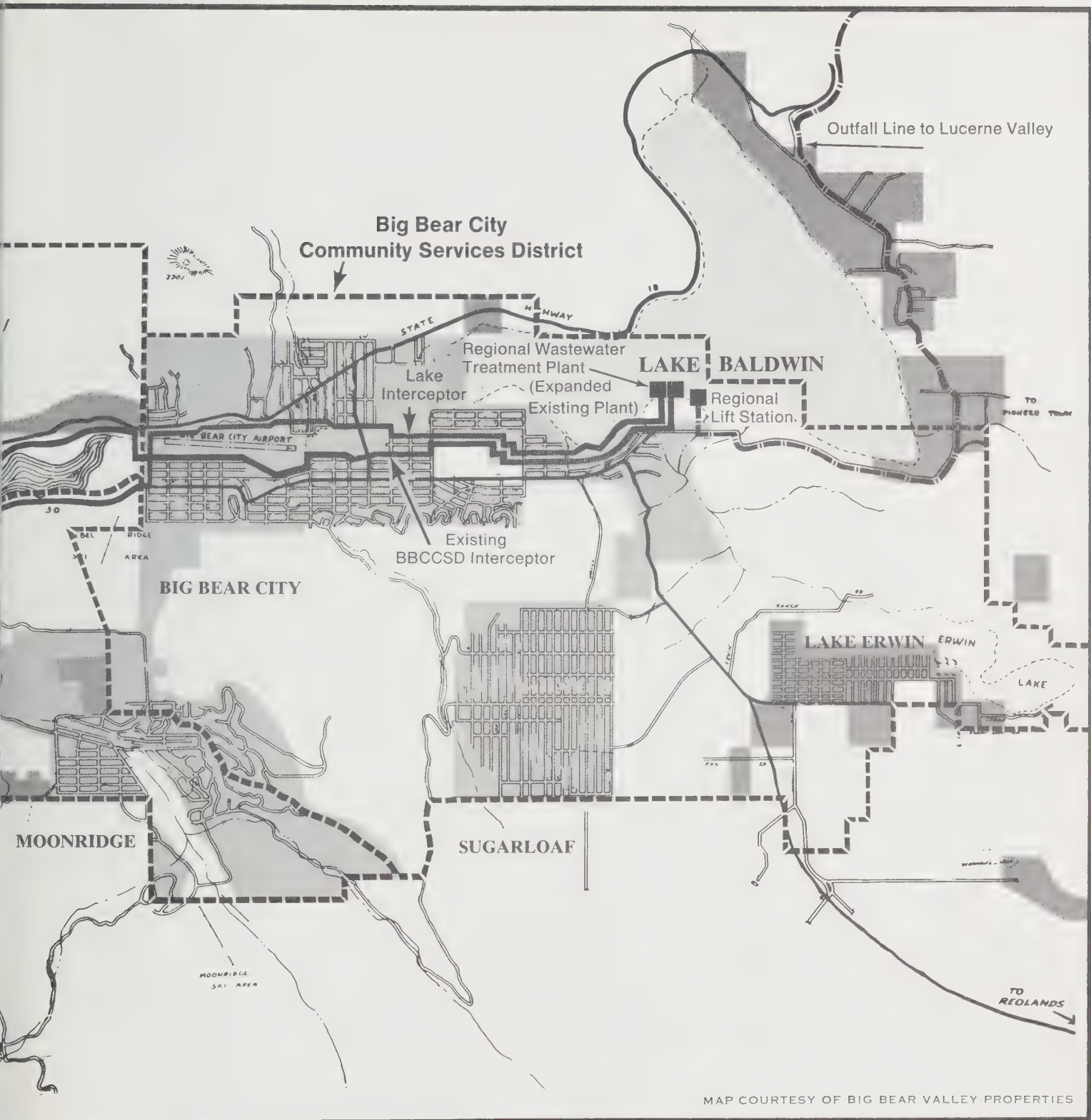
1 - Source: Report of Projected Wastewater Flow Rates and Big Bear City Treatment Plant Capacity, January 1977, CM Engineering Associates.

2 - Source: Report to BBARWA, April 13, 1977, Neste, Brudin & Stone, Inc.

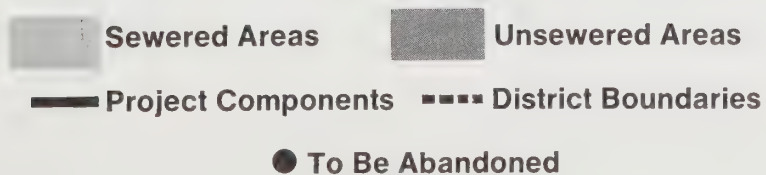
3 - Source: Report to BBARWA, April 7, 1977, CM Engineering Associates.

County Service Area 53, Zone B





BIG BEAR AREA REGIONAL WASTEWATER AGENCY



BIG BEAR AREA REGIONAL WASTEWATER AGENCY
SIX-YEAR CASH FLOW FOR THE PERIOD BEGINNING JULY 1, 1978

30

	1 1978/79	2 1979/80	3 1980/81	4 1981/82	5 1982/83	6 1983/84
EQUIVALENT DWELLING UNITS ¹						
BBCCSD	4120	4960	6700	6900	7100	7300
BBLSB	3615	4900	6190	6390	6590	6790
CSA53B	0	0	780	800	830	860
TOTAL	7735	9860	13670	14090	14520	14950
VACANT LOTS ¹						
BBCCSD	5360	4320	7270	7000	6500	6000
BBLSB	3510	3665	3820	3600	3500	3400
CSA53B	0	0	1110	1380	1300	1200
TOTAL	8870	7985	12200	11980	11300	10600
NEW CONNECTIONS (EDU/YEAR)	200	200	200	200	200	200
SERVICE CHARGE (\$/EDU/YEAR)	60	60	60	60	60	60
STANDBY CHARGE ² (\$/VACANT LOT/YR)	10	10	10	10	10	10
CONNECTION CHARGE ² (\$/EDU)	200	250	300	350	400	450

- 1 - Based on sewer connection estimates by Neste, Brudin & Stone Inc. and CM Engineering Associates.
2 - Based on preliminary financing plan, Bartle Wells Associates, November 1975.
3 - Amount necessary to meet State Water Resources Control Board requirement for capital replacement.
4 - Based on estimates by Neste, Brudin & Stone Inc. and CM Engineering Associates, projected at 7% per year.
5 - Based on estimates by Neste, Brudin & Stone Inc. and CM Engineering Associates, projected at 10% per year.
6 - Operating revenues shown without accounting for connection charge revenues.
Source: Prepared by Bartle Wells Associates.

	1 1978/79	2 1979/80	3 1980/81	4 1981/82	5 1982/83	6 1983/84
OPERATING REVENUES(\$000)						
=====						
INF-INF CHARGES ²	30	30	30	30	30	30
STANDBY CHARGES	89	80	122	120	113	106
IN-LIEU PAYMENT BY CSA53B	38	38	0	0	0	0
SERVICE CHARGES	464	592	820	845	871	897
PREVIOUS YEARS CONNECTION CHARGE	0	40	50	60	70	80
TOTAL REVENUES	621	779	1022	1055	1084	1113
EXPENSES(\$000)						
=====						
BOND SERVICE	0	243	250	260	265	274
FACILITIES PURCHS	103	103	103	103	103	103
REPLACEMENT ³	100	100	100	100	100	100
OPERATIONS						
PLANT PERSNL ⁴	66	71	76	81	87	93
POWER&UTILITS ⁵	110	121	133	146	161	177
GENRL ADMIN ⁴	150	160	172	184	197	210
MAINT&EQUIP ⁴	50	53	57	61	66	70
TOTAL	376	406	438	472	510	550
TOTAL EXPENSES	579	852	891	935	978	1027
SURPLUS ACCOUNT(\$000)						
=====						
CARRYOVER	0	142	170	401	621	828
REPLACEMENT	100	100	100	100	100	100
SURPLUS REVENUES	42	-72	132	120	106	86
TOTAL	142	170	401	621	828	1013
BOND COVERAGE						
=====						
CURRENT REVENUES						
OPERATING REVENUE ⁶	621	739	972	995	1014	1033
OPERATING EXPENSE ⁷	376	406	438	472	510	550
NET OP REVENUES	245	334	535	523	504	483
ANNUAL BOND COVERAGE	0.00	1.37	2.14	2.01	1.90	1.76
TOTAL SURPLUSES SURPLUS ACCOUNT	142	170	401	621	828	1013

PRO FORMA REVENUES AND EXPENDITURES

The accompanying table projects revenues and expenses beginning on July 1, 1978, the start of operation for BBARWA. The table projects EDUs in each district with annual increases. The table also shows EDU charges which meet BBARWA's bond covenants. The setting of the actual EDU charge will be based on an audited inventory of EDU's completed prior to February 1, 1978. The actual charges will be set by May 1, 1978 based on a budget for fiscal 1978/79 filed with the fiscal agent.

The table projects bond coverage which meets BBARWA's covenants. BBARWA will fund interest from the bond proceeds through July 1, 1979. The first debt service payment that BBARWA must make from its own revenues is on January 1, 1980. BBARWA covenants to maintain coverage ratios of applicable net revenues to bond service at 1.3 beginning for bond service due in 1980/81.

The pro forma revenue and expense table is based on several assumptions and contains several financial safeguards:

1. The projections of equivalent dwelling units are based on sewer connections. Actual EDU's should exceed the projections because the user charge classification system assigns one or more EDU's per connection.
2. The estimate of 200 connections per year is below the recent actual experience of more than 500 new buildings per year.
3. Annual bond coverage is projected without including connection charge revenues.
4. The State Water Resources Control Board revenue program guidelines require BBARWA to annually collect an amount for Capital Replacement. This replacement amount is based on the depreciable value of the plant. The amount collected for replacement is deposited in the Surplus Account and is available for the purposes shown for this account.
5. This agency has covenanted to maintain a cash or invested reserve in the Surplus Account of 25 percent of operating expenses for the previous year. This reserve will fund the cash flow period prior to receipt of revenues on August 31. The requirement to fund this reserve forces the agency to levy a service charge in 1978/79 sufficient to accumulate the reserve.

BONDHOLDER PROTECTION

The accompanying table summarizes bondholder protection contained in the legal documents, the Resolution of Issuance, the financing plan, and in BBARWA's construction program. The provisions shown in the table are designed to enhance the security of the bonds. The effectiveness of these provisions is, of course, subject to actual experience.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY SUMMARY OF BONDHOLDER PROTECTION

Objective	Protection	Source
A. During Construction		
I. Pay interest during construction	<ol style="list-style-type: none"> Interest funded for 24 months from bond proceeds. Reserve Account equal to maximum annual debt service. 	R - 14-A R - 14-A, B-4
II. To fund cost increases or project changes	<ol style="list-style-type: none"> Earnings on all funds to go to Construction Fund during construction period. Agency and fiscal agent to manage investment of all funds for maximum yield within arbitrage restrictions. 	R - 14-B-1, 4 R - Covenant 12
III. To assure timely completion of project within available funds	<ol style="list-style-type: none"> Agency appoints BBCCSD and BBLSD as construction coordinators. Agency will move promptly with construction upon receipt of bond proceeds. Agency requires liquidated damages from contractors for loss of revenue due to project delay. Reserve Account available as in A-II-3 above. Full faithful performance bond on all contractors and material suppliers. Agency to manage investment of bond proceeds to maximize earnings. 	OA3 - 3.07, 4.06 OA2 - 8.01, R - Covenant 2 BD R - 14-B-4 BD R - Covenant 12
IV. To secure against physical loss	<ol style="list-style-type: none"> Catastrophe insurance as part of work contracts. Agency to maintain adequate insurance coverage on all facilities. 	BD R - Covenant 7
B. After Construction		
I. To assure timely payment of bond service	<ol style="list-style-type: none"> Agency covenants to maintain 1.3 coverage of annual operating revenues over bond service. Operating agreements name bondholders as third party beneficiaries. Reserve Account must be maintained at maximum annual debt service. Funds left in Construction Fund will be transferred to agency's Revenue Fund after construction. After construction all earnings on Reserve Account, Interest Account, and Principal Account will be transferred to Revenue Fund. If dispute concerning payment of annual charge by member districts, districts must make payments anyway and, upon settlement of dispute, overpayment will be credited to subsequent payments. Agencies must pay annual service charge payment on a schedule: 75% by August 31, and remaining 25% by November 30. Surplus Account available for bond service. 	R - Covenant 9 OA1 - 10.01 OA2 - 10.01 OA3 - 11.01 R - 14-B-4 R - 14-A R - 14-B-4 OA1 - 4.08 OA1 - 4.01 R - 14-D

SUMMARY OF BONDHOLDER PROTECTION (cont'd)

Objective	Protection	Source
B. II. To restore Reserve Account	<ol style="list-style-type: none"> 1. Rates and charges maintain Reserve Account at maximum annual debt service. 2. Surplus Account available to reimburse Reserve Account. 	<p>R - Covenant 9 R - 14-B-4, D</p>
III. To protect against inadequate customer base	<ol style="list-style-type: none"> 1. Interest funded for 24 months, approximately 6 months after project completion to allow for complete hookups. 2. Member districts required to establish mandatory hookup ordinance. 3. Agency may adopt an escalating connection charge ordinance which provides incentive to existing building to hookup to available sewer. 4. CSA53B agrees to make in lieu payments for 1978/79 and 1979/80. 	<p>R - 14-A OA1 - 8.01 OA1 - 6.02 OA1 - 4.09</p>
IV. To maintain adequate bond coverage	<ol style="list-style-type: none"> 1. Agency collects revenues to fund Capital Replacement (depreciation) as defined by State Water Resources Control Board. 2. Agency provides facilities purchase payments as payment of lower priority than bond service and operation costs. 	<p>OA1 - 4.05, 4.06 OA2 - 3.06, 4.06, 8.02</p>
V. To fund cash flow shortages in operations	<ol style="list-style-type: none"> 1. Agency covenants to maintain year end balance in Surplus Account at 25% of previous year's operating expenses. 2. Agency covenants to maintain 10% of operating expenses in Operation and Maintenance Fund for emergencies. 	<p>R - 14-D R - 14-C</p>
VI. To insure budgeted revenues meet expenses in 1978/79.	<ol style="list-style-type: none"> 1. Agency covenants to file an audited inventory of customers with fiscal agent by February 1, 1978 and to file a budget showing projected revenues meet projected expenses with fiscal agent by May 1, 1978. 	<p>OA1 - 5.08, R - Covenant 9</p>

BD - Bid Documents.

GC - Government Code.

JPA - Joint Powers Agreement.

OA1 - Operating Agreement No. 1.

OA2 - Operating Agreement No. 2.

OA3 - Operating Agreement No. 3.

R - Resolution of Issuance.

Source: Prepared by Bartle Wells Associates



The North Shore Elementary School (K-4) which opened in 1970 operates on a year-round basis. Current school enrollment is estimated at 710 students. (*Eidson Photography photo.*)

Big Bear Valley is completely surrounded by the San Bernardino National Forest. Within the valley, the U.S. Forest Service maintains over 12 campgrounds and plans a 420-acre development on the north shore of Big Bear Lake. (*Eidson Photography photo.*)

BBARWA'S THREE MEMBER DISTRICTS

BBARWA's member districts will continue to own and operate local collection systems after completion of the BBARWA regional system. Member districts will levy their own rates and charges to support their own collection system enterprises. Member districts will also act as agents for BBARWA in collecting user charges, standby charges, and connection charges set by the BBARWA governing board.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT (BBCCSD)

BBCCSD is organized pursuant to the California Community Services District Law. The district was formed in 1966 as a consolidation of the Big Bear City County Fire Protection District, the Big Bear City Lighting District, and the Big Bear City Sanitary District. In the following year the district assumed operation of the Big Bear City Mutual Service Company. The district currently provides wastewater collection and treatment, water supply, fire protection, street lighting, and refuse disposal services within a service area of about 6,400 acres. The district includes the unincorporated communities of Big Bear City, Sugarloaf, Lake Erwin, and a portion of Moonridge.

BBCCSD is governed by an elected five-member board of directors. The district employs a staff of 12 full-time permanent employees. Earl Black has served as the district's secretary-manager since 1970.

BIG BEAR LAKE SANITATION DISTRICT (BBLSD)

BBLSD is a county sanitation district formed in November 1939 under the provisions of the County Sanitation District Act. The district provides wastewater collection, treatment, and disposal services within the unincorporated communities of Big Bear Lake, Boulder Bay, and part of the community of Moonridge. The district's service area totals 3,070 acres.

The San Bernardino County Board of Supervisors is the district's governing body. An advisory commission, composed of five appointed members representing the community, serves as the executive board of BBLSD and reports to the board of supervisors. Operation of BBLSD is distributed between the San Bernardino County Special Districts Department and the district plant manager. The Special Districts Department administers the district's budget and other financial records while the district manager oversees plant and collection system operations. John Bruechle has served as BBLSD's manager since 1974. The district employs a staff of eight full-time employees.

COUNTY SERVICE AREA 53, ZONE B (CSA53B)

CSA53B was formed in June 1972 under the provisions of the County Service

Area Law to provide fire protection services and sanitation services within the community of Fawnskin and along the north shore of Big Bear Lake. It currently provides no sewer service, although it has begun design and assessment proceedings for a local collection system in Fawnskin. Estimated completion of design is June 1977. CSA53B's service area is about 9,329 acres.

The San Bernardino County Board of Supervisors is CSA53B's governing body. An appointed advisory commission, reporting to the board of supervisors, serves as CSA53B's executive board. CSA53B has no staff employees. It provides fire protection through contract with the Big Bear Lake Fire Protection District.

ASSESSED VALUATIONS AND TAX RATES

The accompanying table presents a five-year summary of the assessed valuations and tax rates of BBARWA's three member districts. The San Bernardino County Assessor assesses all property within the county except for utility property which is assessed by the California State Board of Equalization. The State Board of Equalization reports that in 1976/77, locally assessed property in San Bernardino County is assessed at 23.7 percent of full market value. The State of California sets a target of 25 percent of market value for locally assessed property. Utility property is assessed at 25 percent of full market value. As shown in the table, each of the three districts' utility valuation decreased in 1976 from that of the previous year. The State Board of Equalization reports that these decreases in utility valuation were due to a reduction of about \$190,000 in the market value of electric distribution facilities within the Big Bear area. In addition, the market value of a gas distribution system in San Bernardino County decreased by \$500,000 and that portion of the distribution system within the Big Bear area was accordingly reduced in valuation.

Big Bear City Community Services District - BBCCSD's 1976/77 taxable assessed valuation of \$33,621,915 is 16.3 percent greater than that of 1975/76. The district's overall assessed value has been increasing at an average annual rate of 14.2 percent since 1972/73.

BBCCSD's 1976/77 tax rate is \$2.25 per \$100 of assessed valuation. This rate includes a general district tax of \$1.00 which supports the district's fire protection and street lighting operations. The remaining \$1.25 of BBCCSD's total tax rate is a sewer bond tax for debt service on the district's outstanding general obligation bonds. The district is currently levying taxes at the maximum rate allowed by law for general district purposes. The district's water and sewerage operations have been self-supporting from service charges since 1969.

Big Bear Lake Sanitation District - To support its wastewater services, BBLSD levies taxes within its service area on land and improvements only. The district's current taxable assessed valuation is \$43,983,120. BBLSD currently has the highest assessed valuation of BBARWA's three member districts as well as the highest rate of growth in assessed valuation.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
MEMBER DISTRICTS
FIVE YEAR HISTORY OF ASSESSED VALUATIONS AND TAX RATES

	Net Secured Valuation	Net Utility Valuation	Net Unsecured Valuation	State Reimbursed Exemptions	Total Taxable Valuation	Percent Change	District Tax Rate *
BIG BEAR CITY COMMUNITY SERVICES DISTRICT							
1972/73	\$18,744,940	\$660,560	\$ 52,360	\$ 308,180	\$19,766,040	--	\$2.2500
1973/74	19,744,950	745,440	59,400	1,019,080	21,568,870	9.1%	2.2500
1974/75	20,978,835	840,220	67,515	1,195,265	23,081,835	7.0	2.2500
1975/76	26,678,490	857,530	77,340	1,296,955	28,910,315	25.3	2.2500
1976/77	31,299,605	817,330	101,795	1,403,185	33,621,915	16.3	2.2500
BIG BEAR LAKE SANITATION DISTRICT							
1972/73	\$23,201,870	\$486,380	\$390,520	\$ 372,750	\$24,451,520	--	1.0593
1973/74	25,809,360	657,320	348,960	1,140,170	27,955,810	14.3%	1.2923
1974/75	30,124,880	698,680	173,085	1,285,365	32,282,010	15.5	1.2032
1975/76	34,872,070	711,910	205,455	--	35,789,435	10.9	1.3224
1976/77	43,090,360	668,220	224,540	--	43,983,120	22.9	1.0988
COUNTY SERVICE AREA 53, ZONE B							
1972/73	\$ 3,548,360	\$202,320	\$175,080	\$ 53,810	\$ 3,979,570	--	2.3980
1973/74	3,604,390	200,300	242,210	163,780	4,210,680	5.8%	1.0298
1974/75	3,611,335	223,590	428,695	174,855	4,438,475	5.4	0.6373
1975/76	3,995,745	210,870	469,195	163,230	4,839,040	9.0	1.6658
1976/77	3,945,990	199,920	499,505	181,960	4,827,375	-2.4	2.6249

*Per \$100 assessed valuation.

Source: San Bernardino County Office of the Auditor-Controller.

BBLSD's 1976/77 tax rate is \$1.0988 per \$100 of assessed valuation. Beginning in 1978/79, the district intends, and is required by state and federal regulations, to finance its sewer collection system operations with service charges.

County Service Area 53, Zone B - CSA53B currently has the lowest assessed valuation and the lowest rate of assessed valuation growth of the three districts. Its service area, although the largest in size, is the least developed. The Fawnskin residential area is the district's only population center. CSA53B's 1976/77 assessed valuation is \$4,827,375, a decrease of 2.4 percent from the previous year. The San Bernardino County Office of the Assessor could not readily provide an explanation as to the cause for the decrease in CSA53B's net secured valuation. The County Office of the Assessor, however, has stated that CSA53B's assessed valuation will increase in 1977/78 due to a pending reassessment of property in the Fawnskin area.

CSA53B's 1976/77 tax rate is \$2.6249 per \$100 of assessed valuation. Of this levy, \$1.6249 supports the agency's fire protection operations. In 1976/77 CSA53B began levying a tax of \$1.00 per \$100 of assessed valuation to pay for engineering work to design its collection system. Actual construction of the collection sewer system will be financed with assessment bonds. Assessment bonds are secured by fixed lien assessments on individual properties.

REVENUES AND EXPENDITURES FOR SEWERAGE SERVICES

The accompanying tables provide five-year histories of revenues and expenses for sewerage services in BBCCSD and BBLSD, based on annual audits and 1976/77 budgets. CSA53B's 1976/77 budget is shown in the succeeding table.

Big Bear City Community Services District - Since 1971/72 BBCCSD's sewer enterprise expenses have increased by an average of about 30 percent per year. In 1975/76 the district more than doubled the length of its collection system, and operating expenses increased by 71 percent over the previous year. Since 1971/72, BBCCSD has completed, or has under construction, collection systems serving over 90 percent of the district's households and businesses.

BBCCSD's sewerage system is self-supporting from a service charge currently of \$30 per year and from a connection fee of \$400 per new connection. The district, in addition, levies a \$1.25 per \$100 of assessed valuation sewer bond tax for debt service on its outstanding general obligation bonds.

The district has five assessment districts which have sold 1915 Act assessment bonds. Debt service on the district's outstanding assessment bonds is paid by installment payments on unpaid fixed lien assessments on properties within BBCCSD. The installment payments for each assessment district are collected on the same tax roll on which the general

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
REVENUE AND EXPENSE HISTORY - SEWER ENTERPRISE

	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77 ¹
<u>Operating Revenues</u>						
Sewer charges	\$ 64,379	\$ 77,534	\$ 96,798	\$121,931	\$128,552	\$129,800
Connection fees	140,968	57,960	236,016	185,062	124,462	37,500
Subtotal	\$205,347	\$135,494	\$332,814	\$306,993	\$253,014	\$167,300
<u>Nonoperating Revenues</u>						
Interest	\$ 18,401	\$ 15,188	\$ 80,723	\$ 48,515	\$ 18,000 ²	\$ 14,000
Taxes	180,416	235,057	262,703	283,534	305,825 ^{2,3}	379,444
Subtotal	\$198,817	\$250,245	\$343,426	\$332,049	\$323,825	\$393,444
Total Revenues	\$404,164	\$385,739	\$676,240	\$639,042	\$576,839	\$560,744
<u>Operating Expenses</u>						
Source of supply and treatment	\$ 12,535	\$ 16,476	\$ 24,131	\$ 25,494	\$ 85,822	\$ 2,500
Transmission and distribution	3,382	2,297	4,281	7,800	7,793	4,000
Administration and general	45,230	44,289	45,277	73,532	89,420	115,400 ⁵
Subtotal ⁴	\$ 61,147	\$ 63,062	\$ 73,689	\$106,826	\$183,035	\$131,900
<u>Nonoperating Expenses</u>						
Principal - bonds	\$ 10,000	\$ 20,000	\$ 40,000	\$ 40,000	\$ 80,000	\$100,000
Interest - bonds	160,449	169,055	237,510	235,160	232,710	227,180
Bond discount	1,939	3,220	6,298	6,252	6,131	--
Other	9,180	159	274	284	--	--
Subtotal	\$181,568	\$192,434	\$284,082	\$281,696	\$318,841	\$327,180
Total Expenses	\$242,715	\$255,496	\$357,771	\$388,522	\$501,876	\$459,080
Net Income	\$161,449	\$130,243	\$318,469	\$250,520	\$ 74,963	\$101,664
<u>Cash Reserves²</u>						
Sewer enterprise ⁶	\$232,084	\$227,103	\$627,435	\$377,458	\$636,071	\$440,000
Nonsewer funds ⁷	132,183	148,289	157,336	369,983	239,524	120,000
Total	\$364,267	\$375,392	\$784,771	\$747,441	\$875,595	\$560,000

1 - Derived from 1976/77 budget as prepared by Eddie and Payne, Certified Public Accountants, San Bernardino.

2 - Data supplied by district secretary-manager.

3 - Actual tax levy; data differs from audit data due to inclusion on some assessment payments in the latter.

4 - Excludes depreciation.

5 - Includes salaries and wages for treatment plant operations and distribution operations.

6 - Sewer enterprise unrestricted cash reserves.

7 - Nonsewer cash reserves which could be temporarily applied to sewer service charge delinquencies.

Source: Prepared by Bartle Wells Associates from financial reports of the district audited by Eddie and Payne, Certified Public Accountants, San Bernardino.

Complete copies of the audited financial reports for the years ending June 30, 1972 through June 30, 1976 are available from the district upon request.

BIG BEAR LAKE SANITATION DISTRICT
REVENUE AND EXPENSE HISTORY

	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77 ¹
<u>Revenues</u>						
Taxes	\$328,003	\$313,002	\$394,893	\$424,315	\$515,654	\$456,775
Interest	3,068	14,248	20,645	10,819	13,196	9,000
Rents and concessions	--	--	2,500	3,000	3,000	--
Other in-lieu taxes	--	--	--	--	411	--
Sanitation services	14,540	16,137	11,701	21,058	31,416	6,000
Inspection and connection fees	--	--	--	7,859	9,826	12,500
Other revenue	41,612	21,480	3,214	2,766	746	276,470 ²
Interfund transfers	--	--	--	--	28,735	--
Total Revenues	<u>\$387,222</u>	<u>\$364,867</u>	<u>\$432,953</u>	<u>\$469,817</u>	<u>\$602,984</u>	<u>\$760,745</u>
<u>Expenses</u>						
Operating expenses	\$177,105	\$314,424	\$298,855	\$307,035	\$398,019	\$421,395
Fixed assets	13,667	22,919	109,773	173,804	123,264	170,000
Other	--	--	--	57,919 ³	--	169,350 ⁴
Total Expenses	<u>\$190,772</u>	<u>\$337,343</u>	<u>\$408,628</u>	<u>\$538,758</u>	<u>\$521,283</u>	<u>\$760,745</u>
Net Income	\$196,451	\$ 27,524	\$ 24,325	(\$ 68,941)	\$ 81,701	\$ --
Cash Reserves	\$328,026	\$342,777	\$239,923	\$326,996	\$279,363	\$ --

1 - Derived from 1976/77 budget.

2 - Includes \$200,000 cash carryover, \$51,470 BBARWA advance repayment.

3 - Judgment paid to construction company resulting from contract dispute.

4 - Contingencies, reserves, and capital improvement fund.

Source: Prepared by Bartle Wells Associates from financial reports of Big Bear Lake Sanitation District audited by the San Bernardino County Office of the Auditor-Controller. Completed copies of the audited financial reports for the years ending June 30, 1972 through June 30, 1976 are available from the issuer upon request.

COUNTY SERVICE AREA 53, ZONE B
1976/77 BUDGET - SEWER ENTERPRISE

	1976/77
<hr/>	
<u>Revenues</u>	
State subventions	\$ 27,000
Federal subventions	161,700
Taxes	49,000
Other revenue	260,000
Total	<u>\$498,100</u>
<u>Expenditures</u>	
Fixed assets	498,100
Total	<u>\$498,100</u>

Source: San Bernardino County special districts 1976/77 final budget.

taxes are collected and paid into a redemption fund for each assessment district.

The accompanying table shows BBCCSD's cash reserves in its sewer enterprise fund at the end of each fiscal year. At the end of 1975/76, according to the district manager, the BBCCSD sewer enterprise fund had \$635,000 of unrestricted cash reserves. In addition, the district also had \$239,500 of cash reserves temporarily available from other funds which could be used for sewer purposes.

Big Bear Lake Sanitation District - BBLSD's expenditures have been increasing at an average annual rate of 3.4 percent since 1971/72. Although expenses exceeded revenues in 1974/75, the district's prior accumulated cash reserves were substantial enough to fund this deficit. The district now has completed collection systems serving 92 percent of the district's households and businesses.

BBLSD's principal sources of revenues are property taxes, sanitation service charges, connection charges, and fees and permits. The district currently levies a tax of \$1.0988 per \$100 of assessed valuation within its service area to support its sewer services. In addition, the district levies service charges for sewer service it provides outside of the district's boundaries. The district's connection charge is \$25 per new connection.

The district will be required by federal and state regulations to pay for collection system operations with service charges beginning in 1978/79. The district intends, therefore, to lower its tax rate to fund only its infiltration/inflow control program and other nonoperating expenses. The

district's annual cash reserves have been averaging \$303,000 over the five-year period since 1971/72. BBLSD's cash reserves at the end of 1975/76 were \$279,363.

County Service Area 53, Zone B - CSA53B currently does not operate a sewer system. However, in 1976/77, the district prepared its first budget for a sewer enterprise, which funds the design of the district's local collection system. Actual construction costs will be financed with assessment bonds. In 1976/77, in addition to its tax for fire protection services, CSA53B began levying a \$1.00 per \$100 of assessed valuation tax for sewerage services.

TAX RATE LIMITATIONS

In 1972 and 1973 the California legislature passed legislation restricting increases in property tax rates. This legislation generally limits the tax rate to that levied in 1971/72 or 1972/73 except where enabling legislation sets a specific rate limitation. Unless authorized by a majority of the voters, tax rate increases above the 1971/72 level are limited to that required to reflect growth in population and the California Price Index.

During each fiscal year the San Bernardino County Office of the Auditor-Controller computes the maximum allowable tax rates for local agencies within the county. The following table on taxing headroom shows maximum tax rates levied for the past five fiscal years for BBLSD and CSA53B. As shown in the table, both BBLSD and CSA53B are presently taxing at a rate of about \$0.20 less than their maximum allowable rates. Based on their 1976/77 assessed valuations, BBLSD has a current taxing headroom yield of \$98,300 and CSA53B has a taxing headroom yield of about \$9,900.

BBCCSD is currently taxing at its maximum statutory limit for general district operations.

DEBT LIMITS

The enabling laws for each of BBARWA's member districts provide for the incurrence of bonded indebtedness and the issuance of bonds or other evidences of indebtedness. The issuance of general obligation bonds requires approval of two-thirds of the electorate voting upon the measure. Majority approval of the electorate is required before revenue bonds may be issued. Both BBCCSD and BBLSD have short-term borrowing powers. The enabling law for CSA53B does not provide for short-term borrowing.

OUTSTANDING DEBT

BBCCSD currently is the only one of BBARWA's three member districts with general obligation bonds outstanding. The district sold \$4,050,000 of

BIG BEAR LAKE SANITATION DISTRICT, COUNTY SERVICE AREA 53, ZONE B
TAXING HEADROOM¹

	1972/73	1973/74	1974/75	1975/76	1976/77
<u>Big Bear Lake Sanitation District</u>					
Maximum tax rate ²	\$ 1.2930	\$ 1.2930	\$ 1.2930	\$ 1.3224	\$ 1.3224
Current tax rate ²	<u>1.0593</u>	<u>1.2923</u>	<u>1.2032</u>	<u>1.3224</u>	<u>1.0988</u>
Difference	\$ 0.2337	\$ 0.0007	\$ 0.0898	\$ 0.0000	\$ 0.2236
Assessed valuation	\$24,451,520	\$27,995,310	\$32,282,010	\$35,789,435	\$43,983,120
Taxing headroom	\$ 57,143	\$ 196	\$ 28,989	\$ --	\$ 98,346
<u>County Service Area 53, Zone B</u>					
Maximum tax rate ²	\$ 2.3980	\$ 2.4103	\$ 2.5124	\$ 2.6249	\$ 2.8296
Current tax rate ²	<u>2.3980</u>	<u>1.0298</u>	<u>0.6373</u>	<u>1.6658</u>	<u>2.6249</u>
Difference	\$ 0.0000	\$ 1.3805	\$ 1.8751	\$ 0.9591	\$ 0.2047
Assessed valuation	\$ 3,979,570	\$ 4,210,680	\$ 4,438,475	\$ 4,839,040	\$ 4,827,375
Taxing headroom	\$ --	\$ 58,128	\$ 83,226	\$ 46,411	\$ 9,882

1 - Big Bear City Community Services District has a maximum statutory tax rate of \$1.00.

2 - Dollars per \$100 of assessed value.

Source: Compiled by Bartle Wells Associates from data provided by the San Bernardino County Office of the Auditor-Controller.

general obligation sewer bonds between 1968 and 1972 to finance construction of its treatment plant and sewer lines. Of this total, \$3,760,000 principal amount of bonds remain outstanding.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
DIRECT AND OVERLAPPING DEBT

	Percent Applicable	Debt Applicable June 8, 1977
San Bernardino County Authorities	3.343%	\$ 463,861
San Bernardino Library Authority	4.600	48,070
Bear Valley Unified School District	91.640	1,017,204
Big Bear City Community Services District	100.	3,760,000
Big Bear City Community Services District 1915 Act Bond	100.	3,575,388
Bear Valley Community Hospital District	94.413	854,434
Big Bear Valley Municipal Water District Notes	94.413	<u>1,699,434</u>
Total Direct and Overlapping Bonded Debt		\$11,418,395

	Ratios To:		
	Estimated 1976/77 A. V. (\$85,532,105) ¹	Market Value (\$360,894,958)	Population (7,045) ²
Total Direct and Overlapping Bonded Debt (\$11,418,395)	13.35%	3.16%	1,620.78

1 - Includes all assessed property: land, improvements, and personal property.

2 - Estimated full-time population (1975).

Source: Compiled by Bartle Wells Associates in cooperation with California
Municipal Statistics, Inc.

Beginning in September 1975 the district formed six assessment districts to finance construction of its collector sewer system. Five of the six assessment districts sold a total of \$3,633,676 principal amount of 1915

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
OUTSTANDING BOND SERVICE

Fiscal Year	General Obligation 1976 Bonds, Series A, B, & C	BBARWA Facilities Purchase Payments	Improvement Bonds, Assessment District No's. 1, 2, 3, 4, & 5	Net Total Bond Service
1977/78	\$ 330,640	--	\$ 409,451	\$ 740,091
1978/79	333,340	\$(52,427)	403,794	684,707
1979/80	345,047	(52,427)	412,580	705,200
1980/81	336,185	(52,427)	400,454	684,212
1981/82	336,996	(52,427)	397,794	682,363
1982/83	337,115	(52,427)	403,792	688,480
1983/84	337,070	(52,427)	412,926	697,569
1984/85	336,885	(52,427)	405,637	690,095
1985/86	336,080	(52,427)	411,911	695,564
1986/87	334,620	(52,427)	406,522	688,715
1987/88	332,655	(52,427)	414,268	694,496
1988/89	330,265	(52,427)	405,204	683,042
1989/90	327,310	(52,427)	409,405	684,288
1990/91	323,775	(52,427)	401,431	672,779
1991/92	319,675	(52,427)	228,461	495,709
1992/93	256,975	(52,427)	--	204,548
1993/94	265,425	--	--	265,425
1994/95	145,937	--	--	145,937
1995/96	148,750	--	--	148,750
1996/97	150,937	--	--	150,937
1997/98	142,813	--	--	142,813
1998/99	144,375	--	--	144,375
	<u>\$6,252,870</u>	<u>\$(786,405)</u>	<u>\$5,923,630</u>	<u>\$11,390,095</u>

Source: Prepared by Bartle Wells Associates.

Act improvement bonds in a series of sales beginning in September 1975. Payment of principal on these outstanding assessment bonds began in July 1976. The sixth assessment district is scheduled to sell about \$1.6 million of bonds to the Farmers Home Administration beginning in June 1977. The bonds will be sold in a series of four issues which the Farmers Home Administration has agreed to purchase at an interest rate of 5 percent. Each series of 1915 Act improvement bonds requires BBCCSD, if necessary, to levy a tax of up to \$0.10 per \$100 of assessed valuation to cover annual assessment payment delinquencies. BBCCSD has not as yet had to levy any taxes to cover assessment delinquencies.

BBARWA will purchase existing facilities from BBCCSD. BBARWA will pay BBCCSD a purchase price of \$786,405. The payments are to be made over a period of 15 years beginning in 1978/79 at an interest rate of 5.5 percent as provided in Operating Agreement No. 2. BBCCSD's total outstanding bond service less the BBARWA's facilities purchase payments are shown in the accompanying table.

BBLSD and CSA53B currently have no outstanding general obligation bonds. BBLSD, however, has four assessment districts which have \$2,237,312 principal amount of 1911 Act assessment bonds outstanding. Each 1911 Act bond is secured by a fixed lien assessment on a parcel of property. The district has no contingent tax liability from this form of bond.

REPRESENTATIVE TAX RATES

The following table shows the 1976/77 tax rates in each of the three districts for the tax code areas with the highest assessed valuations.

Big Bear Community Services District - BBCCSD has two tax code areas. Tax Code Area 5704, shown in the table, includes nearly all of the community services district's assessed valuation. The total tax rate for Code Area 5704 is \$11.6569 per \$100 of assessed valuation.

Big Bear Lake Sanitation District - Tax Code Area 5713, which accounts for 49 percent of BBLSD's assessed valuation has a 1976/77 total tax rate of \$11.5797 per \$100 of assessed valuation. There are 13 tax code areas within BBLSD. Total tax rates in BBLSD range from \$11.5797 to \$13.1625.

County Service Area 53, Zone B - CSA53B has 12 tax code areas, of which Tax Code Area 5718 is the largest. Total tax rates within CSA53B range from \$12.0318 to \$13.1625.

TAX LEVIES AND DELINQUENCIES

In accordance with the State of California Revenue and Taxation Code, the San Bernardino County tax collector collects secured tax levies for the fiscal period July 1 to June 30 each year. One-half of the tax levy is due November 1, and becomes delinquent December 10 at a penalty of 6

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
 REPRESENTATIVE TAX CODE AREAS
 TOTAL 1976/77 TAX RATES

	<u>BBCSD</u> Tax Code Area 5704	<u>BBLSD</u> Tax Code Area 5713	<u>CSA53B</u> Tax Code Area 5718
San Bernardino County	\$ 3.1616	\$ 3.1616	\$ 3.1616
Schools	4.1227	4.1227	4.1227
Community Services District	2.2500	--	--
County Service Area No's. 70, 53, 38	0.3111	0.3430	2.9679
Big Bear Lake Fire Protection District	--	1.0421	--
County Flood Control Zone No. 6	0.1638	0.1638	0.1638
Big Bear Valley Community Hospital District	0.4000	0.4000	0.4000
Big Bear Valley Park District	0.4442	0.4442	0.4442
Big Bear Lake Pest Control District	0.0100	0.0100	0.0100
Big Bear Municipal Water District	0.7935	0.7935	0.7935
Big Bear Lake Sanitation District	--	1.0988	--
Total	<u>\$11.6569</u>	<u>\$11.5797</u>	<u>\$12.0637</u>

Source: San Bernardino County Office of the Auditor-Controller.

percent. The other half of the tax levy is due February 1, and if taxes are unpaid by April 10, a 6 percent penalty is added. A charge of \$3.00 for preparing the list of delinquent parcels is also attached to each delinquent tax item.

A five-year history of tax delinquencies in Big Bear Valley is shown in the following table. In the past five years, the highest rate recorded was 6.5 percent in 1971/72. In succeeding years the rate has varied from 1.3 to 5.55 percent.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
MEMBER DISTRICTS
TAX LEVIES AND DELINQUENCIES

Fiscal Year	Secured Tax Levy	Delinquency Amount	Percent* Delinquent
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BIG BEAR CITY COMMUNITY SERVICES DISTRICT

1971/72	\$1, 526, 263	\$ 80, 481	5.27%
1972/73	2, 396, 223	119, 015	4.97
1973/74	2, 563, 743	118, 131	4.61
1974/75	2, 677, 245	119, 977	4.48
1975/76	3, 567, 849	198, 162	5.55

BIG BEAR LAKE SANITATION DISTRICT

1971/72	\$2, 726, 254	\$178, 049	6.53%
1972/73	3, 008, 891	149, 952	4.98
1973/74	3, 455, 094	177, 050	5.12
1974/75	3, 904, 177	186, 643	4.78
1975/76	4, 271, 423	210, 536	4.93

COUNTY SERVICE AREA 53, ZONE B

1971/72	\$ 64, 427	\$ 496	0.80%
1972/73	111, 661	1, 346	1.21
1973/74	103, 488	1, 168	1.13
1974/75	406, 744	8, 307	2.04
1975/76	482, 282	14, 301	2.97

*Delinquencies at the end of the fiscal year.

Source: Compiled by Bartle Wells Associates from records of the San Bernardino County Office of the Auditor-Controller.

LARGEST TAXPAYERS

Southern California Water Company and the Continental Telephone Company are the two largest taxpayers located within the BBARWA service area. Together with two other utility companies, they account for 64 percent of the total assessed valuation of the ten largest taxpayers. Two real estate developers, a mobile trailer park, two ski resorts, and the Bank of America are the other six largest taxpayers.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY TEN LARGEST TAXPAYERS

Taxpayer	District	Assessed Valuation
Southern California Water Company	BBCCSD, BBLSD, CSA53B	\$1,524,510
Continental Telephone Company	BBCCSD, BBLSD, CSA53B	1,513,980
Big Bear Properties Incorporated	BBCCSD, BBLSD, CSA53B	638,890
H & H Big Bear	BBLSD	604,550
Southwest Gas Corporation	BBCCSD, BBLSD, CSA53B	510,860
Snow Summit Ski Corporation	BBCCSD	382,600
Prudential Mobile Home Park Fund II	BBCCSD	275,000
Southern California Edison Company	BBCCSD, BBLSD	207,360
Goldmine Ski Associates	BBLSD	137,620
Bank of America N.T. & S.A.	BBCCSD, BBLSD	108,320
Total		\$5,903,690

Source: San Bernardino County Office of the Assessor.

LITIGATION

BBARWA's general counsel has stated that none of BBARWA's member districts are party to any legal proceedings the outcome of which could materially affect BBARWA's ability to perform its obligations to the bondholders.

LABOR RELATIONS

Employees of BBCCSD and BBLSD have no union representation. CSA53B has no staff employers. BBARWA will contract for services from BBCCSD and BBLSD. Under Operating Agreement No. 3 BBARWA can review wage rates for employees of these districts providing services for BBARWA. Operating Agreement No. 3 states that these employees are to be paid salaries generally available for similar types of work in other areas.

PENSION OBLIGATIONS

BBCCSD participates in the State of California Public Employees Retirement System (PERS). The accompanying table shows the number of BBCCSD employees participating in the plan and the district's annual payments to the plan.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT PUBLIC EMPLOYEES RETIREMENT SYSTEM FIVE YEAR PAYMENT HISTORY

Fiscal Year	Number of Employees	Amount Paid by District
1971/72*	7	\$ 970.62
1972/73	7	3,788.25
1973/74	6	4,432.94
1974/75	9	4,701.50
1975/76	12	8,778.58

*Joined in April 1972.

Source: Big Bear City Community Services District.

PERS is a statewide system operated pursuant to Title 2, Division 5, Part 3 of the Government Code. State law requires that PERS undergo actuarial review not less often than every fourth year. The last such review was conducted by Actuarial Systems, Inc., independent actuaries and consultants for the four-year period ending June 30, 1973. The actuary also made actuarial evaluations of the system as of June 30, 1973, and June 30, 1974 and identified substantial "unfunded supplemental liabilities" in the state system. Notwithstanding the generally adverse actuarial experience realized during the review period, the actuary concluded that PERS is fiscally sound. Additional information about PERS may be obtained from the system's office at 1416 Ninth Street, Sacramento, California 95814.

State law provides that, when rendered necessary by changes in benefits or by periodic actuarial review, PERS may modify the amounts of annual pension contributions by agencies contracting with it. PERS has notified the district that annual contributions for the local miscellaneous employee group, which includes district employees, will increase. The contribution rate, expressed as a percentage of base salary, will increase by an added 1 percent each year for three consecutive years. The first increase, from 9.88 percent to 10.88 percent of base salary, was effective July 1, 1976. An additional increase to 10.96 percent of base salary was made effective January 1, 1977.

BBLSD participates in the San Bernardino County Employees Retirement System and in the Social Security System. Currently, eight full-time employees are on the pension plan and four retirees are receiving benefits. The following table shows BBLSD's contributions to the county pension plan and to the Social Security System's Old Age Supplemental Disability Income (OASDI).

BIG BEAR LAKE SANITATION DISTRICT PENSION PLAN CONTRIBUTIONS

Fiscal Year	County Employees Retirement Association	OASDI	Total
1973/74	\$ 6,010.68	\$3,560.51	\$ 9,571.19
1974/75	8,908.06	3,946.54	12,854.60
1975/76	10,284.88	4,990.52	15,275.40

Source: Big Bear Lake Sanitation District.

INSURANCE

Big Bear City Community Services District - BBCCSD maintains a variety of insurance coverage: combined single-limit general liability (\$500,000); umbrella liability over \$500,000 combined single-limit (\$3,000,000); building equipment, fire, and vandalism (\$800,989); office inventory and contractor's equipment (\$61,200); miscellaneous equipment (estimated at \$14,000-\$21,000); faithful performance bond on all employees (\$200,000); and public official honesty bond on district manager (\$20,000).

Big Bear Lake Sanitation District - The County of San Bernardino and BBLSD are self-insured for the first \$1 million per occurrence or accident. The district also carries a total coverage of \$24 million excess insurance after self-insurance.

Big Bear City is in the foreground of this aerial photograph of the Big Bear Valley area. Big Bear City Airport, at bottom right, currently handles air traffic for the entire valley. (*Robert Freeman photo.*)



BIG BEAR VALLEY

GEOGRAPHY AND LOCATION

Big Bear Valley is in the San Bernardino Mountains in southwestern San Bernardino County. Located at 6,720 feet, the valley is about 100 miles from the City of Los Angeles and about 45 miles from the City of San Bernardino. Within the valley, BBARWA's service area covers about 79,040 acres. Of this total, 18,140 acres are privately owned. The remaining 60,900 acres, or 77 percent, are publicly owned and under the jurisdiction of the U.S. Forest Service.

Big Bear Lake, which covers about 3,000 acres and is about 7.5 miles long and 1.5 miles wide, is the valley's main geographical feature. Located at the western end of the valley, the lake was formed in 1885 when the Big Bear Dam was constructed to provide water for citrus growers in the San Bernardino and Redlands area. Baldwin Lake, a smaller lake which is now dry, forms the eastern terminus of the valley.

Average summer temperatures in the valley are 80 degrees during the day and 45 degrees during the night. Average winter temperatures range from 55 degrees during the day to 15 degrees at night. Precipitation averages annually from 38 inches at Big Bear Lake Dam to 10 inches at Baldwin Lake.

According to a published history of the valley, Big Bear Valley was so named by Benjamin Wilson, who upon discovering the valley in 1845 found it swarming with bear. Fur trapping, goldmining, and cattle ranching were the valley's major activities in the late 1800's. Today the valley is a popular year-round recreation center.

BIG BEAR VALLEY

ANNUAL VISITORS, 1940-1976

Year	Total Visitors	Year	Total Visitors
1940	918,000	1970	3,618,000
1955	1,580,000	1971	3,235,000
1960	1,711,000	1972	3,476,000
1966	2,534,000	1973	3,176,000
1967	2,813,000	1974	2,922,000
1968	3,050,000	1975	3,138,000
1969	3,230,000	1976	3,155,000

Source: U.S. Forest Service. Based on vehicle counts with loadings of three visitors per vehicle.

TOURISM

Tourism is Big Bear Valley's major economic activity. Based on traffic counts and as shown in the accompanying table, the U.S. Forest Service estimates that a total of about 3,155,000 persons visited Big Bear Valley in 1976. The principal visitor attractions are Big Bear Lake, San Bernardino National Forest which completely surrounds the valley, and the valley's ski slopes.

About 1,800 pounds of trout are planted every week in Big Bear Lake between April and October. In addition, the lake offers boating, waterskiing, and sailing opportunities.

Efforts to improve and stimulate recreational use of the lake are currently being taken by the Big Bear Municipal Water District. The water district recently purchased the lake site from the Big Bear Valley Mutual Water Company and plans to stabilize the level of the lake by substituting its own water purchases for lake withdrawals. These purchases would be subject to the availability of water for purchase.

The U.S. Forest Service maintains over 12 campgrounds in the valley. The forest service also plans a 420-acre development on the north shore of Big Bear Lake to begin construction in 1979. The recreational site will serve 1,700 overnight guests and will offer camping, hiking, picnicking, and bicycling facilities.

The California Department of Water Resources reports that while most ski areas in northern and central California were adversely affected by the California drought in 1976, ski resorts in the Big Bear area had one of their most successful seasons. Due to the valley's low night temperatures, and availability of local water supplies, two of its three ski slopes, Snow Summit and Goldmine, are able to produce man-made snow. Skiing in the valley is, thus, not subject to natural snow conditions. The U.S. Forest Service estimates that based on the number of ski tickets sold, about 262,000 skiers visited Snow Summit and another 67,000 skied at Goldmine during the winter of 1975/76.

Motels, inns, and other commercial overnight accommodations in Big Bear Valley are required to pay to the county a 5 percent transient occupancy tax on their total receipts. These taxes, which are another indicator of tourist activity, are shown in the accompanying table.

POPULATION, HOUSING, AND MAJOR COMMUNITIES

The population in Big Bear Valley is made up of several components. Due to the recreational orientation of the valley, many persons maintain second or vacation homes in the valley and visit the valley during weekends, vacations, or holidays. Of the 11,891 housing units enumerated in a January 1975 U.S. Census survey, 9,304 units were unoccupied at the time of the survey.

BIG BEAR VALLEY
TRANSIENT OCCUPANCY TAX RECEIPTS, 1971-1976

1971	\$63,311
1972	64,708
1973	67,513
1974	74,302
1975	83,387
1976*	26,682

*First quarter.

Source: San Bernardino County Office of Tax Collector.

The permanent population in BBARWA's service area, according to U.S. Census estimates, was 7,045 in 1975. The Wastewater Facilities Plan for Big Bear Valley estimates that, including the permanent population, a total of about 9,170 persons resided in the area for 50 percent or more of the time in 1975. In addition, the valley includes a population of "normal recreational users," people who own homes and stay in the valley during weekends and vacation periods. This population, excluding the permanent population, was estimated at 24,800 in 1975.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
POPULATION AND DWELLING UNITS, 1975

	Population	Total Number of Dwelling Units
Big Bear Lake Village	2,959	3,911
Big Bear City	2,275	3,210
Fawnskin	236	671
Moonridge	997	2,446
Sugarloaf	323	1,157
Erwin	255	496
Total	7,045	11,891

Source: U.S. Census.

The permanent population of the communities within BBARWA's service area are shown in the following table. All of the communities are unincorporated. Over half of the permanent population resides in Big Bear Lake and Big Bear City. Big Bear Lake is the larger of the two communities and serves as the commercial center for the valley. Big Bear City is primarily residential in character.

LAND USE

The following table shows land use distribution in BBARWA's service area based on the Big Bear Valley Communities General Plan prepared in 1969 and later amended in 1974 by the San Bernardino County Planning Department. Of the 79,040 acres of BBARWA's service area, 18,140 acres are privately owned. Of this total, 13,550 acres of the privately owned acres are developable. Currently, 4,045 acres are developed and 9,505 acres are developable but vacant. The remaining 60,900 acres within BBARWA's service area are publicly owned and are administered by the U.S. Forest Service.

BIG BEAR AREA REGIONAL WASTEWATER AGENCY LAND USE CLASSIFICATION

	Acreage	Percent of Total
<u>Private Lands</u>		
Developable	13,550	17%
Developed	4,045	--
Vacant	9,505	--
Undevelopable	4,590	6
Subtotal	18,140	23%
<u>U.S. Forest Service Lands</u>	60,900	77
Total	79,040	100%

Source: Wastewater Facilities Plan, Big Bear Area, prepared by Neste, Brudin & Stone, Inc., and CM Engineering Associates.

INCOME

Current data on income levels within Big Bear Valley are not available. Data from the 1970 U.S. Census show that the median family income in Census Tract 102.02, which includes Big Bear Valley, was \$8,771 in 1969. San Bernardino County's median family income for the same period was estimated at \$9,439.

REAL ESTATE

A computerized multiple listing service, used by an estimated 80 percent of real estate offices in the Big Bear Valley, reports biweekly on average home prices. According to a local realtor, in mid-March 1977, average prices of homes for sale under multiple listings were as follows:

Two bedroom	\$ 29,000
Three bedroom	45,000
Four bedroom	66,000
Five bedroom	110,000

Prices of lots within the valley vary depending on location and availability of sewers. An informal survey of a number of realtors in the area indicated the average price of sewerred lots ranges from \$6,000 to \$8,800. Unsewered lots range from \$4,500 to \$6,600 in average price. Lake front-age lots averaged from \$20,000 to \$50,000.

The Bank of America, Security Pacific National Bank, California Federal Savings and Loan, Pamona First Federal Savings and Loan, and Pioneers Mortgage Company are the principal lenders for conventional 80-percent loans and for FHA-VA loans, according to a member of the Big Bear Valley Board of Realtors.

BUILDING ACTIVITY

Building activity within Big Bear Lake, Big Bear City, and Fawnskin is shown in the following table. New construction has concentrated in the Big Bear City and Big Bear Lake areas. Building activity within Fawnskin has lagged due to the lack of a community sewerage system and prohibitions on the construction of new septic tanks and leaching systems. As shown in the table, the valley's total building valuation has been increasing since 1973. The 1976 building valuation represents an increase of 62 percent over the previous year.

TRANSPORTATION

Three highways provide access to Big Bear Lake from the San Bernardino

BIG BEAR VALLEY BUILDING ACTIVITY

	1973			1974			1975			1976		
	No. of Permits	No. of Units	Total Valuation	No. of Permits	No. of Units	Total Valuation	No. of Permits	No. of Units	Total Valuation	No. of Permits	No. of Units	Total Valuation
Big Bear City, Sugarloaf, Erwin Lake	972	414	\$ 6,296,591	1,620	194	\$ 4,777,215	662	151	\$ 5,256,504	857	287	\$ 8,750,103
Big Bear Lake, Moonridge	867	313	8,739,717	938	187	5,449,406	757	187	6,852,797	847	258	10,994,931
Fawnskin	100	30	610,649	58	--	80,426	54	3	259,720	47	8	287,500
Total	1,939	757	\$15,646,957	2,616	381	\$10,307,047	1,473	341	\$12,369,021	1,751	553	\$20,032,534

Source: San Bernardino County Building and Safety Department.

BIG BEAR VALLEY UTILITY GROWTH

	1971	1972	1973	1974	1975	1976
Big Bear City Community Services District						
Water accounts	2,152	2,337	2,620	2,751	3,040	3,003
Southern California Water Company						
Electrical accounts (active and inactive)	9,358	10,016	10,919	11,603	11,995	12,458
Southern California Water Company						
Water accounts (active and inactive)	6,371	6,784	8,966	9,364	9,520	9,683
Continental Telephone Company						
Telephone accounts	3,925	4,382	4,911	5,602	6,150	6,748
Southwest Gas Company						
Metered gas accounts	5,454	6,019	6,522	7,260	7,695	8,200*

*Estimate.

Source: Big Bear Lake Valley Chamber of Commerce, Big Bear City Community Services District, Southern California Water Company, Continental Telephone Company, Southwest Gas Company.

metropolitan area. State Highway 18 extends northward from San Bernardino toward the community of Crestline, then eastward as the Rim-of-the-World Highway to Big Bear Lake, along the south shore of the lake to Big Bear City, and then northward to the Mojave Desert. State Highway 38 approaches from the Redlands side of San Bernardino, climbs to Onyx Summit, descends into Big Bear City where it crosses over Route 38, and follows the north shore of Big Bear Lake. Routes 18 and 38 are both designated as California Scenic Highways, and Route 38 as a National Scenic Drive. The third, and most direct route from San Bernardino, is State Highway 30.

Big Bear City Airport is the only airstrip serving the San Bernardino Mountains. A \$3.2 million airport improvement program, completed in 1974, brought the airport to a high standard VFR (visual flight rules) operation. The airport has a 5,850-foot runway and is supported by uni-com radio communications.

COMMUNITY FACILITIES

Utilities - Southern California Water Company and Continental Telephone Company provide electrical and telephone services within the valley. Gas service is supplied by the Southwest Gas Company. Big Bear City Community Services District provides water within Big Bear City and Southern California Water Company serves the remaining communities in the valley. Both water supplies rely exclusively on local ground water. The following table shows utility growth in Big Bear Valley since 1971.

Medical - Big Bear Valley Community Hospital, completed in 1973, provides emergency and intensive medical care services. The hospital has a 29-bed capacity and a staff of over 30.

Fire and Police Protection - BBCCSD, CSA53B, and the Big Bear Lake Fire Protection District provide fire protection services in the valley. The County Sheriff's Office maintains a Bear Valley substation. In addition, three private police patrols serve residents in the valley.

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